

INTER-
NATIONAL
ECONOMIC

ORGANI-
ZATIONS
OF THE
SOCIALIST
STATES

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Introduction

The world socialist system has now been in existence for more than a quarter of a century. The might of the socialist community keeps increasing: it is making steady economic, scientific and technical progress and gaining prestige and influence in the international arena. Between 1966 and 1970 industrial production in the CMEA countries (the world's most rapidly developing industrial region) increased by 49 per cent. During that period the average annual growth rates of industrial production in those countries amounted to 8.3 per cent, as compared with 6.5 per cent in the European Common Market countries and 3.3 per cent in the United States.

The socialist countries' economic successes are especially striking when viewed against the background of economic instability and crisis phenomena in the capitalist world. In 1970, the gross output in the developed capitalist countries increased by a mere 2.7 per cent as against 5 per cent in 1969. Economic growth rates in these countries in 1970 were 50 per cent lower than the average figure for the sixties. In the United States (the major capitalist country) industrial production dropped by about 3 per cent in 1970. A number of capitalist countries recently registered a record high level of unemployment. The official number of unemployed in the United States had reached 5.4 million by the beginning of 1972, the figure for Britain was one million.

Based on their economic and scientific and technological achievements, at the 25th Session of the Council in July 1971 the CMEA countries adopted a Comprehensive 15-20 year Programme for the

Further Extension and Improvement of Cooperation and the Development of Socialist Economic Integration. Economic integration will do much to accelerate the national economic development of these countries and make the world socialist system as a whole mightier than ever.

This system is a voluntary social, economic and political community of free, sovereign nations proceeding to build socialism and communism. It gave rise to a new type of international relations based on proletarian (socialist) internationalism. In this way it is possible to combine the interests of each country with the interests of the entire community, to combine the national and the international. The world socialist system as a whole (international interests) should not be opposed to the development of the individual countries comprising the system (national interests), just as the national requirements of any one country should not be opposed to the interests of the community as a whole. Violation of the principle of proletarian internationalism by setting the interests of any one country above the interests of the entire socialist system would be tantamount to deviation from Marxism-Leninism and would undermine the unity and cohesion of the socialist community.

It is common practice in the capitalist world for bigger, mightier countries to foist agreements on their smaller and weaker partners that, while formally based on equal rights and opportunities, in actual fact result in one-sided benefits.

The socialist community is made up of countries that differ in the size of population, territory and their economic potential. However, there is no artificial division of states into greater and lesser powers depending on their political and economic might.

The world of socialism strictly observes the principle of equality of all states comprising it.

Widescale economic cooperation between the socialist countries enables them to consolidate their material and technical base, to find a stable, international market where their goods are in great demand and to organise large-scale serial production even in small countries. Mutual trade helps the socialist countries satisfy the bulk of their requirements for industrial and agricultural products, for oil, and oil products, coal, iron ore and fertilizer. The Soviet Union does much in this regard. L. I. Brezhnev, in the CPSU Central Committee Report to the 24th Party Congress, said: "The Soviet Union has met 70 per cent, and more, of the import requirements in some key types of raw materials and fuel of the CMEA countries and Cuba, and also to a considerable extent those of the Democratic Republic of Vietnam and the Korean People's Democratic Republic." In turn, the USSR received equipment for 54 chemical plants from CMEA countries during the last five-year plan period. More than 38 per cent of the sea-going vessels (in tonnage) bought by the Soviet Union during that time came from fraternal countries. CMEA states invest in the raw material and fuel industries of the Soviet Union and in increasing the capacities for the production of metal, mineral fertilizer and cellulose. The Soviet Union imports various consumer goods from the fraternal countries.

The socialist countries expedite the development of the key branches of industry for accelerating scientific and technological progress. This applies, first and foremost, to engineering and metal processing. From 1960 to 1970 the ratio of engineering and metal processing in industrial production had grown from 12.4 per cent to 20.1 per cent in Bulgaria;

from 25.1 to 29.2 per cent in Hungary; from 27.5 to 34.4 per cent in the German Democratic Republic; from 19.7 to 31.1 per cent in Poland; from 24.3 to 25.1 in Romania; and from 23.4 to 28.8 per cent in Czechoslovakia. Altogether, the power engineering and chemical industries now account for two-fifths of gross output of the CMEA states, which comes close to the level of industrially advanced capitalist countries. These three leading branches developed at a more rapid pace in the CMEA countries during the last five-year plan period. For example, there was a more than 2.4-fold increase in the generation of electric energy in 1966-70 compared with slightly over twofold increase in overall industrial production during the same period. In per capita production of electric energy CMEA states have considerably surpassed the average world figures.

The great successes achieved by the socialist countries in their economic development are largely due to the dedicated labour and broad initiative of the working people and the competent organisation and guidance by the Communist and Workers' Parties and governments of these countries.

The consistent and planned, rational division of labour between the socialist countries is a major prerequisite for the successful development of the world socialist system as a whole.

The progressive significance of the international division of labour in the sphere of material production is that it contributes to the growth of the productive forces, raises the effectiveness of social production and promotes the economic integration of different nations. The international division of labour is implemented in different ways, depending on socio-economic conditions.

In the capitalist world, with its inherent competitiveness, the international division of labour is

haphazard and cannot be organised in a planned, rational way. It is of an exploitative character conditioned by the bitterly-contested struggle for economic and political domination. The net result is the division of countries into industrial and agrarian. As Marx pointed out, "a new and international division of labour, a division suited to the requirements of the chief centres of modern industry springs up, and converts one part of the globe into a chiefly agricultural field of production, for supplying the other part which remains a chiefly industrial field."¹

Under socialism the international division of labour acquires a completely different character. The principles of genuine equality, voluntariness, respect for national interests, comradely assistance and mutual benefit that govern relations between the socialist states rule out domination or subjugation in the international division of labour. In contrast to capitalism, the division of labour under socialism is implemented consciously and in a planned way, in conformity with the vital interests and economic tasks of all participating countries. Planned economic development is an objective law of the entire socialist system of economy both nationally and internationally.

At the same time there is a certain interconnection between the principles of international division of labour under socialism and those under capitalism. As the Basic Principles of International Socialist Division of Labour unequivocally pointed out, the latter is implemented paying due heed to the world division of labour.

Coordination of national economic development

¹ K. Marx. *Capital*, Vol. 1, p. 451.

plans based on joint, voluntary planning by the socialist countries is a major means of implementing the international socialist division of labour. This coordination helps to determine the most rational ratio between growing social requirements for basic goods and the siting of production capacities for satisfying these requirements. Coordinated planning is an effective means of implementing interstate specialisation and production cooperation making it possible to organise the manufacture of certain goods in the country, or countries, with the most suitable natural and economic conditions. In implementing labour division based on coordinated economic plans, production specialisation and cooperation and scientific and technical collaboration, the socialist countries are able to avail themselves of each other's resources under a mutual agreement and on mutually advantageous terms. This helps expedite the development of their economic and scientific and technical potential and boosts the socialist community's growing share of world industrial production. During the past 20 years this share has increased from 18 to over 32 per cent.

Naturally, the mounting economic potential of the socialist community calls for greater international planning activity, which promotes the continued highly rational national economic development of the countries involved. The rapid pace of scientific and technical progress makes it imperative for the socialist countries to pool their productive efforts on an ever-greater scale, especially in decisive spheres of the economy. The international organisations set up by the countries for joint economic, scientific and technological development have proved to be highly effective. They are not supranational bodies and take no part in national planning.

The constantly growing number of various international organisations is a distinguishing feature of present-day international relations, denoting the need for stable all-round cooperation between nations. This is especially true of the socialist countries because of their deep-going internationalist solidarity and desire for consolidation. The common ideology, socialist ownership by the people as a whole, monopoly on foreign trade and social and class affinity constitute the firm basis of their friendship and cooperation.

The international economic organisations are set up in keeping with agreements concluded between governments of the countries concerned or between state or economic organisations of these countries, provided it is within the competence of these organisations to conclude such agreements.

CMEA—the First International Economic Organisation of Socialist Countries

The Council for Mutual Economic Assistance (CMEA), the foremost international economic organisation of the socialist countries, was set up in 1949 by Bulgaria, Hungary, Poland, Romania, the Soviet Union and Czechoslovakia.

CMEA began by promoting economic, scientific and technical cooperation between these countries and helping to exchange production know-how. Later on it undertook its main task—to help coordinate the national economic plans which serve as a basis for interstate specialisation and cooperation of production and, ultimately, for the international socialist division of labour.

At present CMEA has the task of promoting

to the utmost the development of socialist economic integration.

The new tasks and pertinent ways and means of developing such integration at the present stage are outlined in the Comprehensive Programme for Further Extension and Improvement of Cooperation and the Development of Socialist Economic Integration by the CMEA Countries.

This Programme is a long-term system of consistent measures for the further all-round cooperation and interaction of the economies of the CMEA countries, in keeping with the present stage of socialist and communist construction in these countries.

"This Programme," according to Piotr Jaroszewicz, Prime Minister of the Polish People's Republic, "defines the leading trends in cooperation and economic integration for a period of 5-10-20 years and thereby ushers in a new stage in the development of economic cooperation between the socialist countries. It will contribute not only to the further advancement of the CMEA countries and consolidation of their might, which is very essential in this troubled world of ours, but also to their political unity and solidarity."¹

Economic integration of the socialist countries, L. I. Brezhnev noted at the 24th Congress of the CPSU, implies "a new and broader approach to many economic questions, and the ability to find the most rational solutions, meeting the interests not only of the given country but of all the cooperating participants. It requires firm orientation on the latest scientific and technical achievements, and the most profitable and technically advanced lines of production."

Socialist economic integration is implemented

(as can be seen from the Comprehensive Programme) on the basis of complete voluntariness; it is not accompanied by the setting up of supranational bodies and does not interfere with the national planning or the financial, and cost-accounting setup of national organisations. The Comprehensive Programme is also based on the incentive principle, the bedrock of the sound foundations of relations between the socialist states. This makes it possible to take into account the interests of the individual countries in each concrete undertaking in accordance with the Programme and the extent to which a country is prepared to participate in this undertaking. The incentive principle enables the cooperating countries to jointly solve economic matters, which can be of benefit to some of the CMEA countries without affecting the interests of the other countries. This principle has been confirmed by the 23rd (special) Session of CMEA and is stipulated in the Comprehensive Programme which expressly states that the CMEA countries are willing to adopt forms and methods of economic and scientific and technical cooperation that will enable all CMEA members to participate in them on an ever growing scale. At the same time, non-participation of one or several countries in any undertaking will not impede other countries from participating. Subsequently, non-participating countries can also cooperate in various mutually acceptable forms. A country's non-participation in certain undertakings does not prejudice its participation in other joint measures.

At various stages of cooperation certain concrete organisational or legal forms may be suitable for one country and premature for another. Thus, in 1964 three countries (Hungary, Poland and Czechoslovakia) formed an international organisation *Intermetal*, while five countries (Bulgaria, Hungary,

¹ *Tribuna Ludu*, July 30, 1971.

the German Democratic Republic, Poland and Czechoslovakia) set up a joint organisation for cooperation in the ball-bearing industry. Subsequently, other CMEA countries have joined these organisations. In 1965 Bulgaria and Hungary jointly set up *Agromash*, which the Soviet Union joined in 1968. In 1970 Bulgaria, Hungary, the German Democratic Republic, Mongolia, Poland, the Soviet Union and Czechoslovakia set up an International Investment Bank. The Romanian representative who attended the signing of the agreement on organising the Bank said Romania would study the possibilities of its participating in the Bank activities and advise the others of its position. Early in 1971 Romania joined the Bank.

In keeping with the policy of peaceful coexistence and readiness to maintain and develop economic relations with all countries irrespective of their social and state structure at the 25th Session of the Council, the CMEA countries reaffirmed, the stipulation in the Comprehensive Programme that countries not belonging to CMEA can participate, fully or partially, in the Programme. Yugoslavia is a case in point. While not a member of CMEA, it takes part (in accordance with a special agreement between it and the Council) in the activities of its bodies on a whole range of matters of interest to Yugoslavia and the CMEA countries.

The Comprehensive Programme presupposes the use, along with the existing and approved forms of cooperation, of new forms and methods of economic relations between the CMEA countries, especially for solving urgent matters brought to the fore by the scientific and technological revolution. It should be noted that the level of the economies of the CMEA countries, and the scope of their mutual economic contacts necessitate especially close and

effective interaction in planning, scientific and technical cooperation, scientific prognostication, the comprehensive solution of urgent economic problems and precise, flexible legal regulation of economic relations to further the progress made by these countries. At the present stage planning activity is, as before, the decisive motive force in economic integration of the socialist countries, and includes the determination of sound targets, the co-ordination of long-term economic plans, joint planning of separate branches of production, exchange of experience in perfecting national planning and economic management and the comprehensive solution of problems being jointly tackled.

Equally important is the pooling of efforts with respect to research and design work, since it is now more expedient than ever to closely cooperate and to combine production with scientific and technological progress on an international scale and apply the latest achievements of science and technology.

For that reason the 25th Session of CMEA adopted a decision to set up two new permanent bodies: the Committee on Coordination of Planning and the Committee on Scientific and Technical Cooperation. Previously, the 24th Session decided to establish the International Institute of Economic Problems of the World Socialist System.

The joint planning of the CMEA countries, the main element of their economic integration, will be coupled, as envisaged by the Comprehensive Programme, with the effective use of commodity-money relations.

The Comprehensive Programme provides for the further improvement of currency and credit relations between the fraternal countries, as a powerful instrument for developing their economic integration. It is planned, among other things, to en-

hance the role of collective currency (the transferable rouble), national currencies and international credit.

In this connection the International Investment Bank, founded by the CMEA countries on the recommendation of the Council's 23rd Session, is of a great importance. By 1971 the Bank had begun long-term and medium-term crediting of concrete economic projects in the CMEA countries.

The further development of currency and credit relations between the CMEA countries and improved operation of the International Bank of Economic Cooperation set up in 1963 and closely connected with the International Investment Bank by the common collective credit system of the CMEA members, will be very meaningful.

To ensure the sound development of socialist economic integration, the legal foundations of economic and scientific and technical cooperation must be constantly perfected. For that reason there is a special section in the Comprehensive Programme which stipulates, among other things, that "...the development of socialist economic integration makes it necessary to improve the legal principles" of this process, and that one of the key tasks of such improvement is to create a common legal system that would ensure the most favourable conditions for consolidating the ties between the CMEA countries in industry, science and technology. The Conference of Representatives of the CMEA Countries on legal questions, first held in 1970, is making a meaningful contribution to the comprehensive improvement of the legal basis of integration. This Conference, in keeping with the challenging tasks set by the Comprehensive Programme, has mapped out a long-term (for the period ending in 1975) plan for studying urgent legal problems of economic

and scientific and technical cooperation between the CMEA countries.

While formulating long-term tasks with respect to all-round economic and scientific and technical cooperation, the Comprehensive Programme attaches much importance to coordinating the activities of CMEA, the principal international economic organisation of the socialist countries, with other specialised organisations of these countries. Such coordination is effected on the basis of special agreements between the Council and other international CMEA organisations, with the latter fully retaining their autonomy and functioning in accordance with their own charters.

One of the main aims of cooperation between the socialist countries is to bring their economic development levels more in line with one another and improve their peoples' living standards. Therefore the Comprehensive Programme stipulates the principal trends of this process and ways and means of rendering all-round assistance to industrially less developed countries. These include the design, assembly and commissioning of projects right up to mastering serial production; geological prospecting; extraction and processing of mineral raw materials, etc.

It is also envisaged that the International Bank of Economic Cooperation will grant less advanced countries credits on more favourable terms for financing the export of goods of a pronounced seasonal character. The International Investment Bank is also to grant these countries medium-term and long-term credits on favourable conditions. The adopted forms of international division of labour, cooperation and integration also serve these purposes.

Within the framework of solving the general pro-

blem of gradually evening up the economic positions of the fraternal countries, the Comprehensive Programme pays much attention to accelerating the economic development of the Mongolian People's Republic. This means, among other things, the joint participation of the countries concerned in the construction and exploitation of industrial and other projects and granting of credits on favourable terms, adoption, in some cases, preferential foreign-trade prices for agricultural and industrial products, assistance in developing science and expediting technological progress, training of skilled Mongolian national personnel, the sending to Mongolia of experts and workers on advantageous terms and free economic assistance when necessary.

By joining CMEA Mongolia was able to make fuller use of the advantages of socialist economic relations and the fraternal assistance of other CMEA states.

The economic successes of the Mongolian People's Republic are very meaningful for world socialism. Mongolian experience vividly illustrates Lenin's viewpoint that it is possible to go over to socialism bypassing the capitalist stage of development. It is convincing proof that regardless of their level of economic development countries, that have gained their independence, can choose the socialist way of development and successfully build a new, socialist life, relying on the support and assistance of friendly socialist states.

CMEA has been organised as an interstate economic association of sovereign and equal states based on the principles of proletarian internationalism. These principles were stipulated in the initial documents of CMEA. The declaration on the formation of CMEA of January 25, 1949, emphasised that it was an alliance of countries founded on the prin-

ciples of complete equality and respect for national interests and sovereignty, irrespective of the economic potential of each individual country. CMEA countries are not component parts ruled from one centre, for CMEA is a unique organisational and legal form of relationships between the national economies of independent socialist states that are the sovereign owners of the resources on their territories. International division of labour and fraternal cooperation and mutual assistance is the bond between these countries. The CMEA countries plan their economic development independently. CMEA activities are based on unanimously adopted recommendations on various economic and scientific and technological matters of common interest to the countries concerned. These recommendations are submitted to the countries for consideration and for implementation, if adopted by the government or other competent bodies of these countries, in accordance with their laws.

Paying due heed to the long-standing traditions of cooperation within the framework of CMEA, the member-countries have given this cooperation a flexible, international legal form: in 1959 they signed the CMEA Charter and the Convention on the Capacities, Privileges and Immunities of the CMEA, which were approved by the 12th Session of the Council and replaced previously-adopted decisions on aims, principles and organisational forms of its activity. After ratification by all signatories, these documents came into force in April, 1960. In 1962 the 16th (extraordinary) Session and the 17th Session of CMEA approved certain amendments to the Charter and the Convention. In accordance with these amendments any country, irrespective of its geographical position, can join CMEA, provided it agrees with the principles and aims of its Charter

and is ready to assume the responsibilities entailed. Formerly, only European countries could join CMEA. On the strength of these amendments the Mongolian People's Republic was able to join in 1962. In keeping with another amendment, the CMEA Executive Committee has been functioning since 1962 as the main executive body of this organisation in place of the Conference of Representatives of the CMEA Countries.

Although the adoption of a Charter by an international organisation long after it began functioning is quite unusual in international practice, nevertheless it has proved justified, inasmuch as it made it possible to sum up valuable experience of multilateral cooperation and find the most suitable organisational and legal forms for it.

The Basic Principles of International Socialist Division of Labour proposed by the 15th Session of CMEA and approved by the Conference of Party and Government Leaders of the CMEA Countries in 1962 was a major step in developing and consolidating the principles and methods of economic cooperation between the socialist countries as stipulated in the CMEA Charter. The said document is an important political-economic international convention embodying the many-year experience of economic and scientific and **technical cooperation** between the socialist countries, reflecting the law-governed development of this cooperation and mapping out ways and means of its further advancement and consolidation based on proletarian internationalism.

The aims of CMEA, as outlined in its Charter, are to contribute to the planned development of the national economy, to accelerate the economic and technological progress and industrialisation of the

CMEA countries, to steadily increase labour productivity and raise the living standards in these countries by pooling and coordinating their efforts. Being an international organisation of the socialist countries CMEA is naturally founded on the principles prevailing in relations between states belonging to the socialist community. These principles are clearly expressed in Article I of the CMEA Charter, saying that the Council is based on the sovereign equality of all member-countries which cooperate in economic, scientific and technological development in accordance with principles of complete equality, respect for sovereignty and national interests, mutual benefit and friendly assistance.

The CMEA Charter also expresses the socialist countries' desire to establish and develop all-round economic relations with all nations. For example, it clearly states in the preamble to the Charter that the development of cooperation between member-countries helps promote the aims outlined in the UN Charter. The CMEA countries have solemnly confirmed "their readiness to develop economic relations with all countries, irrespective of their social and state systems, on the principles of equality, mutual advantage and non-interference in domestic affairs." This premise which follows from the consistent policy of peaceful coexistence pursued by the socialist countries, is defined in Articles II and XIII of the CMEA Charter, stating that any countries agreeing with CMEA aims and principles can join, and that the premises contained in its Charter "do not infringe on the rights and obligations of the CMEA member-countries incumbent on their belonging to other international organisations and from international agreements they might conclude." Articles X and XI stipulate that CMEA can invite countries, which are not its members, to participate

in the work of its bodies, and it can establish and maintain relations with other international organisations.

At present Bulgaria, Hungary, the German Democratic Republic, Mongolia, Poland, Romania, the Soviet Union, Czechoslovakia and Cuba¹ belong to CMEA. Albania is still formally a member, although, beginning with late 1961 it stopped participating in the work of CMEA bodies, ceased contributing to the organisation's budget, recalled the Albanian citizens on the staff of the Secretariat and refused to abide by the duties that the CMEA Charter makes incumbent on its members. In view of this the CMEA bodies are quite within their rights in disregarding Albania's formal membership. At the same time Albania has the right to resume its participation in CMEA activities.

On September 17, 1964, an agreement was signed between CMEA and the government of Yugoslavia whereby the latter can participate, on par with the CMEA countries, in the work of CMEA bodies on questions of interest to the parties concerned.

This agreement also gives Yugoslav representatives an opportunity to attend meetings of pertinent CMEA bodies that are dealing with issues that as yet do not directly interest Yugoslavia. An exchange of materials on a reciprocal basis is envisaged between CMEA bodies and Yugoslav representatives on certain economic, scientific and technological questions. This enables Yugoslavia to take more active part in interstate cooperation within the framework of CMEA and better comprehend forms and methods of functioning employed by CMEA.

The agreement on Yugoslavia's participation in

CMEA work is an example of a new, flexible and effective form of cooperation within the framework of the Council between the CMEA countries and other states, an original way of establishing and maintaining ties between international organisations and non-member-countries on the basis of equality, respect for sovereignty, voluntariness and mutual advantage.

Other socialist countries (the Democratic Republic of Vietnam, the Korean People's Democratic Republic) take part in the work of certain CMEA bodies as observers.

On the strength of Article XI of its Charter CMEA is entitled to establish and maintain contacts with various international organisations, and especially, with specialised international organisations of socialist countries. CMEA has concluded agreements (protocols) with many of them on the nature and forms of cooperation.

Of great importance are the Council's contacts with the UN Economic Commission for Europe, denoting CMEA's positive attitude to this UN body which does much to develop economic cooperation between countries with different social and economic systems. Representatives of the CMEA and ECE Secretariats take part in a number of measures undertaken by each other's organisations. There is a considerable exchange of documents of various kinds between their Secretariats. The ECE Secretariat sends the CMEA materials of the ECE Commission and its working committees and the CMEA Secretariat provides information, and methodological and standard documents put out by CMEA bodies.

Attaching great importance to the development of non-discriminatory international trade, CMEA takes an active part in the work of the UN Confe-

¹ The Republic of Cuba was admitted to CMEA at its 26th Session, in July, 1972.

rence on Trade and Development (UNCTAD). CMEA delegations with consultative status attended meetings of this Conference and some of its working bodies. Representatives of the CMEA Secretariat participate, as observers, in the proceedings of the General Conference of the International Atomic Energy Agency (IAEA), sending it various materials on CMEA activities. The CMEA Secretariat maintains contacts with the UN Economic and Social Council (ECOSOC). For example, representatives from the CMEA Secretariat attend ECOSOC sessions at an invitation of the UN Secretary General. Contacts are also developing with the International Labour Organisation (ILO), UNESCO, ECAFE, UN Secretariat, etc.

Contacts between CMEA and various international organisations are of prime importance. Besides the useful exchange of experience, they enable the world public to learn the truth about the character and forms of CMEA activity and help prevent a distorted picture of its aims and methods from being spread. The heightened interest of the world public in CMEA is, to a certain extent, a result of what is being done by the Council itself, and particularly its Secretariat, to develop relations with various international economic and scientific and technical organisations and conferences.

CMEA bodies also focus their attention on international specialisation and cooperation of production since the rational siting of plants makes it possible to free large production capacities for turning out goods that are in great demand in socialist countries and sometimes have to be purchased on the capitalist market. At present CMEA countries have a modern engineering industry, a powerful scientific and technical base, large research institutes and skilled scientific and technical personnel.

The powers that CMEA bodies possess by virtue of its Charter are the legal means enabling them to properly discharge their duties. In essence, these powers are the legal basis of all Council activity, and fully accord with the basic principles of interstate relations between the socialist countries. The right to adopt recommendations and decisions in conformity with the CMEA Charter is of signal importance in ensuring the vital activity of the CMEA organs.

Recommendations and decisions, which comprise the principal legal essence of CMEA activity, are a commonly practiced form of regulating international cooperation used by a number of international organisations. Recommendations and decisions in CMEA are adopted only with the agreement of all member-countries concerned, that is, the principle of unanimity is a basic one. Each country is free to determine whether or not it is interested in any problem under discussion. Recommendations and decisions adopted by CMEA bodies are not binding on countries that have voiced their intention of not participating in some particular matter. Subsequently, however, they may reverse their stand and agree to abide by recommendations and decisions adopted without them. Recommendations adopted by CMEA bodies are forwarded to member-countries for consideration. These recommendations are implemented in conformity with the laws of the different countries.

The principle of incentive which forms the basis of cooperation between countries within the CMEA framework reflects the genuinely voluntary and equitable nature of interstate relations between the socialist countries. This principle enables two or more countries, with no detriment to the others, to jointly solve economic problems of mutual interest.

Major highly beneficial collective undertakings, such as the construction of the 4,679 kilometre *Druzhba* Oil Pipeline, which goes through the USSR, Czechoslovakia, Poland, Hungary and the German Democratic Republic, and the *Mir* United Power Grid, etc., have been put into operation by the CMEA countries concerned. Such projects could never have been carried out without the pooled efforts of several countries.

The accepted order of adopting and implementing recommendations of the CMEA bodies follows from the conviction that in order to be practicable any international obligation must be undertaken voluntarily: no truly sovereign state can be forced to undertake measures against its will.

The relations between states in the capitalist world are on a different basis. The system of representation and voting in European Economic Community (Common Market) bodies is so arranged that the bigger powers can dictate their will to smaller countries. Of the 142 delegates in the Common Market Assembly, where decisions are adopted by a majority vote, the Federal Republic of Germany, France and Italy have 36 representatives each, Belgium and the Netherlands 14 representatives, and Luxembourg only six. In the Common Market Council, its executive body, although the member-countries have the same number of representatives, they do not have the same number of votes: the Federal Republic of Germany, France and Italy have four votes each, Belgium and the Netherlands two, and Luxembourg one. Decisions adopted by the Council are binding on all Common Market members.

Inasmuch as CMEA exercises its powers through its bodies, they constitute the organisational and legal instruments whereby the entire mechanism is

set in motion. They are made up of the following:

The highest organ of CMEA is its Session in which delegations of all member-countries take part, each with one vote. These Sessions are held at least once a year in the capitals of the CMEA countries in rotating order. The Session examines principal questions of economic and scientific and technical cooperation and determines the main trends of CMEA activity. It discusses the reports of the CMEA Executive Committee on the organisation's activity, determines how much each of the member-countries is to contribute to the CMEA budget, sets up the bodies needed for carrying out the various tasks, accepts new members, makes amendments to its Charter, agrees on conditions for participation of non-member countries in the work of CMEA bodies, and on the character and form of relations with other international organisations, and appoints the CMEA Secretary—its head executive.

The 23rd (special) Session of CMEA, held in April, 1969, was of particularly great significance. It marked the beginning of a new stage of economic cooperation between the CMEA countries by way of all-round economic integration of these countries. The 24th Session in May, 1970, played major role in implementing the decisions of the previous session, having adopted concrete measures for carrying out the Comprehensive Programme for Further Extension and Improvement of Cooperation and the Development of Socialist Economic Integration. The 25th Session (July, 1971) approved this Programme for implementation.

The significance of these Sessions, attended by party and government leaders of the CMEA countries, is that they have outlined, on the basis of a Marxist-Leninist analysis of the laws of develop-

ment of the world socialist system, a whole complex of political, economic, legal and organisational measures for making a greater use of the advantages and possibilities afforded by international socialist division of labour, and mapped out targets for the economic development of the CMEA countries.

The Comprehensive Programme adopted by the 25th Session is being successfully implemented. It should be noted that even in the course of drawing up this Programme the CMEA countries began carrying out some of the proposed measures, which goes to show how much it is tied in with real life and accords with the present requirements of co-operation and development of the socialist community. A number of CMEA bodies have already taken into account many of these measures in their plans of work. Thus the Council has begun fulfilling its mission as the organising centre for implementing the Comprehensive Programme, just as it was the organising centre for drawing up the Programme. Section 16 of the Programme states: "The CMEA member-countries shall implement measures to further enhance the role of the Council for Mutual Economic Assistance in the organisation of their multilateral economic, scientific and technological cooperation." And further, that they shall "...coordinate their activities in the implementation of the Comprehensive Programme, primarily, in the Council for Mutual Economic Assistance."

Early in 1972 the CMEA countries completed the practical aspect of coordinating their economic development plans for 1971-75. Long-term agreements on mutual goods deliveries have been signed on this basis. The list of the different kinds of goods has been decided upon and proposals on concluding corresponding agreements between the countries concerned made. For example, proposals are being

worked out for starting production based on co-operation and broad specialisation, of 10 to 14-ton lorries, freight railway cars and diesel locomotives, and on the use of containers in freight haulage.

Complex measures for accelerating economic integration of the CMEA countries have become possible due to their marked economic progress. Between 1951 and 1970 the volume of industrial production in these countries increased 6.8-fold, and their industry now accounts for more than half their national income. It just about takes care of these countries' needs for up-to-date machines and equipment, instruments, electronic devices and computers, and ensures technical reconstruction and progress of all branches of the national economy. The CMEA countries have enough workable mineral deposits to satisfy their growing fuel and raw materials requirements for a long period.

The next most important CMEA body is its *Executive Committee* consisting of representatives of all member-countries (one from each) at the deputy head of government level. The Committee directs all work connected with implementing CMEA decisions. The Executive Committee Sessions are convened once in three months.

The Committee regularly checks on how the recommendations of CMEA bodies are fulfilled, coordinates national economic development plans and specialisation and cooperation with respect to production in the CMEA states. Like the CMEA Session the Executive Committee, within the limits of its competence, adopts decisions and recommendations. Representatives of the member-countries take turns in acting as Chairman of the Committee (for a one-year term).

The *CMEA standing commissions* are important bodies for organising multilateral cooperation in in-

dividual branches of the national economy. All in all, 24 such commissions have been set up, including commissions for cooperation in the coal, oil, gas, chemical, light and food industries, radio engineering, ferrous and non-ferrous metallurgy, power industry, construction, geology, agriculture, transport, communications, foreign trade, currency and financial relations, etc. The member-countries appoint their delegations to each standing commission. They have equal rights and responsibilities, regardless of their composition or the rank of their members.

The powers of these commissions are limited to a definite range of matters pertaining to cooperation in concrete branches of economy or spheres of activity. The recommendations made by standing commissions are subject to examination and implementation by the governments or other competent bodies of the respective countries. As for the decisions, they, like decisions adopted by a CMEA Session or the Executive Committee, come into force the same day that the protocol of a meeting of the relevant standing commission is signed.

It should be emphasised that since the countries' delegations in these commissions usually have top-ranking executives of economic branches, as their members, it facilitates the working out and adoption of weighty recommendations and decisions, as well as their subsequent implementation. Another important factor is that the standing commissions have an effective means of thoroughly going into problems: on the strength of Article VIII of the CMEA Charter they can form working organs and convene international scientific and other conferences and meetings. The chairmen of the standing commissions are the heads of delegations of the countries where these commissions are permanently sta-

tioned, the place being determined by the CMEA Session at which commissions are formed.

The *CMEA Secretariat*, consisting of the Secretary, his deputies and personnel, handle executive and administrative matters. It sees to the preparations and convenes Sessions and Conferences of CMEA bodies, compiles economic surveys, works out proposals to be discussed by corresponding CMEA bodies, prepares, in conjunction with standing commissions, drafts of multilateral agreements on economic and scientific and technological cooperation between countries, etc.

The Secretary, his deputies and other Secretariat personnel act as international officials. To enable them to perform their functions independently they enjoy the rights stipulated by the Convention on the Capacities, Privileges and Immunities of CMEA which was signed and came into force simultaneously with the CMEA Charter. The Secretariat is located in Moscow.

The above-mentioned bodies (CMEA Session, Executive Committee, standing commissions and Secretariat) are the principal CMEA organs, as stated in its Charter. They now include the Committee on Cooperation in the Field of Planning and the Committee on Scientific and Technical Cooperation, which were formed by the 25th Session of the Council. Along with these, and apart from the numerous working organs, there are other permanent special bodies of CMEA, such as the CMEA Institute on Standardisation, the International Institute of Economic Problems of the World Socialist System, etc.

Such, in short, is the present-day organisational setup of CMEA. As for the legal status of the Council, it is defined by the Convention on the Capacities, Privileges and Immunities of CMEA. In accor-

dance with this Convention, CMEA as well as the countries' representatives in CMEA bodies and its executives enjoy the privileges and immunities which are usually granted in such cases in keeping with international law. For instance, CMEA premises are inviolable. Its property, assets and documents, no matter where they are kept, are immune from any form of administrative interference. However, CMEA may, at its own discretion, relinquish its immunity. CMEA is also exempted from all direct taxes and duties, including custom duties, on the territory of member-countries. It is not subject to custom restrictions when exporting or importing articles for its administrative needs. In the member-countries CMEA enjoys the same privileges as diplomatic missions as far as postal, telegraph and telephone services are concerned.

The said Convention stipulates that CMEA has the status of a juridical person and is empowered to conclude agreements, acquire, lease and transfer property, and state its case in courts and arbitration tribunals. CMEA may conclude agreements of both a public and private nature. Thus CMEA is an independent subject in international law and civil law relations.

Specialised CMEA Bodies

CMEA activities have helped the socialist countries to acquire valuable experience in solving economic problems on a multilateral basis, to work out new forms of cooperation in diverse fields and noticeably improve the international division of labour. Everyday practice has confirmed how expedi-

ent it is to form international organisations to jointly solve various questions regarding the socialist countries' economic development. These countries have now set up a number of specialised international economic and scientific and technical organisations, thereby establishing stable reciprocal ties in many branches of the national economy and fields of endeavour.

A number of specialised international organisations of the socialist countries, set up with direct help of CMEA, are based on its principles and employ similar methods and organisational forms. Such organisations, whose underlying feature is complete equality and voluntariness of the participating countries were formed and are now functioning as interstate associations. Unlike certain international capitalist organisations, they are not of a suprastate character. The activity of these organisations, just as CMEA as a whole, is determined by the countries concerned, and they are open for other countries to join.

Naturally, there are certain specific features in the methods and structure of these specialised international organisations, depending on the economic and scientific and technological field in question. They also differ in the number of member-countries. For instance, almost all socialist countries belong to the Organisation of the Socialist Countries' Cooperation in Electric and Postal Communications. The majority of CMEA countries belong to the International Bank of Economic Cooperation, the International Investment Bank and the International Scientific and Technical Information Centre; only some of them belong to the Central Control Board, the *Intermetal* and certain other organisations, and only two-three countries belong to such joint-stock companies as the Polish-Hungarian *Haldex*,

the Bulgaro-Hungarian *Intransmash*—and the Bulgaro-Hungarian-Soviet *Agromash*.

Some specialised organisations have been set up on direct recommendations by corresponding CMEA bodies (the Council, as a rule, has worked out draft documents for their establishment). Others have been set up independently by the countries concerned, although CMEA has a certain impact on these countries. Some of these organisations coordinate economic and, to a certain extent, commercial processes in concrete spheres of material production.

This pamphlet briefly describes a few of the CMEA specialised organisations.

International Bank of Economic Cooperation

The meeting of the heads of government of the CMEA countries in 1962 discussed the question of changing over from bilateral settling accounts, practiced in trade between these countries, to multilateral. Consequently, the 18th Session of CMEA in 1963 recommended that an agreement be signed between Bulgaria, Hungary, the German Democratic Republic, Mongolia, Poland, Romania, the Soviet Union and Czechoslovakia on introducing multilateral system of settling accounts and setting up an International Bank of Economic Cooperation (IBEC). The formation of the Bank was closely connected with the emergence of a new, improved form of commodity-money relations between countries, namely a system of multilateral settling accounts in transferable roubles.¹ This system imple-

¹ Transferable rouble, a collective currency in international accounts between the CMEA members with a fixed gold con-

mented through the IBEC has replaced the system of bilateral clearing,¹ which used to be the principal means of handling foreign-trade accounts. Bilateral clearing has played a positive role in developing trade and economic relations between the socialist countries. However, as these relations broadened and consolidated and the foreign trade turnover grew, it became necessary to introduce a more suitable system of settling accounts on a multilateral basis in their commodity-money relations.

The main shortcoming of bilateral clearing is that it requires bilateral balancing of deliveries and payments. And this restricts the growth of trade turnover to the volume of goods deliveries which can be ensured by one side only. For example, if one country could export 200 million roubles' worth of goods to another country and the latter could only export 100 million roubles' worth without the advantage of credits, the volume of deliveries of each of these two countries would amount to 100 million roubles. In other words, under bilateral clearing a part of the export commodities of one of the countries would not be sold.

A multilateral system of settling accounts in transferable roubles is designed to take care of this drawback, since it gives countries an opportunity to balance their goods deliveries and payments not with each country separately but with all partners collectively. There is no need for bilateral de-

tent of 0.987412 gramme of pure gold (US dollar 0.818513). Transferable rouble is a measure of value in fixing foreign trade prices, means of payment in the system of multilateral accounting between the CMEA countries by written order, means of accumulation in the sphere of medium- and long-term international credit.

¹ Clearing off mutual counter payments (debts and demands) without paying in gold or any other currency.

deliveries to be equal in volume, because each country, while concluding trade agreements, wants to distribute its export and import in such a way that their deliveries and payments will be balanced by the end of the calendar year, irrespective of where it buys more and where it sells more. Thus, favourable conditions are created for an increase in reciprocal trade turnover.

At the same time it should be noted that the introduction of multilateral system of settling accounts in transferable roubles has not done away with the earlier practice of concluding bilateral trade agreements, which proved quite useful.¹ This practice has changed somewhat, to conform to the new conditions. Notably, with the introduction of a new system of accounts, negotiations on concluding trade agreements are conducted in two stages. At the first stage bilateral negotiations are held to agree on the basic volumes of goods deliveries for the coming year. At the second stage the sides reach agreement on each country's balanced deliveries and payments with the other participating countries for the calendar year.

Apart from transactions regarding multilateral accounting in transferable roubles, it is up to IBEC to act as the depository crediting foreign trade and

¹ The Comprehensive Programme lays special emphasis on the importance of trade agreements between the CMEA states. To ensure the stable economic development of the CMEA countries they will continue, in the future, too, to conclude long-term trade agreements and annual protocols on trade, because "they are a tested form of ensuring the planned supply of their national economies with requisite machinery, raw and other materials, and other goods, and also of guaranteeing the sale of produced commodities. Long-term agreements and yearly protocols guarantee the stable development of the economies of the CMEA countries and also of their trade relations."

other operations of the participating countries and handling various banking transactions with gold, free convertible and other currencies. The Bank can also finance and credit, when commissioned by the countries concerned, joint industrial projects and other undertakings using resources designated by these countries. The Bank has the right to effect transactions in transferable roubles with countries that are not members of IBEC on the basis of pertinent arrangements.

IBEC activities are based on the sound principles of cooperation between the socialist countries. All IBEC members, irrespective of how much they contribute to the Bank's capital, which is 300 million transferable roubles, part of it being, on the Bank Council's decision, in gold and freely convertible currency, have equal rights in discussing questions and adopting decisions concerning the Bank's activity. For instance, the Soviet Union, which contributes about 38 per cent of the Bank's capital, has the same rights as a country which contributes one per cent only.

The International Monetary Fund and the International Bank for Reconstruction and Development can be cited as examples to the contrary. There the position of members is determined by their contributions to the capital. The United States has 24 per cent of the votes in the International Monetary Fund and 28 per cent in the International Bank for Reconstruction and Development. On the whole, the United States, Britain and the Common Market countries control more than half the votes in both the Fund and the Bank.

The IBEC highest body is its Council comprising representatives of all member-countries (up to three representatives from each). Each country has one vote, regardless of its contribution to the

Bank's capital. The Council examines and solves cardinal questions with regard to Bank policy. It determines the principles of planning Bank credits and resources, as well as improving credit and other transactions, fixes the rates of interest on credits, deposits, current accounts and other accounts in transferable roubles, sets up special Bank funds, distributes profits, appoints the Chairman and members of the Board and decides on establishing and closing down Bank affiliations, agencies and branches.

The executive body directing IBEC activity is its Board consisting of the Chairman and members appointed from among Bank members representing each of the countries for a term of five years. The Chairman and Board members have the status of international officials, independent of the organisations and officials from their own countries. The Board, in the person of its Chairman and other officials, represents the Bank in dealing with officials and state, international and other organisations. Its duties include drawing up credit plans and submitting them to the Bank Council for approval, issuing rules and regulations with regard to credit and other transactions in conformity with the principles set by the Council, establishing business relations with banking, financial and other international economic organisations, etc.

Other countries can also be members of IBEC provided they agree with the Bank's aims and principles and are ready to assume the responsibilities designated in its Charter and other basic documents. Admittance to IBEC membership must be approved by all the members and endorsed by the Council.

IBEC activities have become quite extensive since they began on January 1, 1964. During the first six months of that year the Bank made more than

50,000 transactions, and 126,000 for the entire year. The total turnover for 1969 reached 57,200 million transferable roubles, and the amount of credit which the Bank granted countries in the same year was 1.6 thousand million transferable roubles. IBEC ensures continuity in handling accounts between the CMEA countries, the average annual payment turnover between them reaching about 24,000 million transferable roubles. In 1970 the volume of accounts between the CMEA countries in transferable roubles amounted to 35,400 million. IBEC annually grants short-term credits to these countries to the sum of 1.5-2 thousand million transferable roubles. At present the volume of reciprocal goods exchange by means of transferable roubles exceeds two-thirds of the entire foreign trade turnover of the CMEA countries.

In view of the crisis of capitalist currency systems the advantages of transferable rouble are quite obvious. It is free from the fluctuations and vicissitudes of the capitalist currency market and ensures continuous and stable system of accounts in reciprocal trade between the CMEA countries. The significance of transferable rouble will become even greater, since, along with the increase in the volume of accounts transactions in this currency, its role as a common means of payment will be strengthened; besides short-term credits IBEC will grant medium-term and long-term loans in transferable roubles through the International Investment Bank.

IBEC has been profitable right from the first. The Bank's income not only covers current outlay for personnel, but also results in considerable profit.

Along with basic transactions in transferable roubles, IBEC also handles various transactions in freely convertible currency (US dollars, pounds

sterling, Swiss francs, etc.). IBEC does business with banks in many countries, among them Britain, France, Italy, Sweden, Switzerland, the Federal Republic of Germany. There is growing interest in IBEC activity. Commercial banks in the United States, Japan, India, the Federal Republic of Germany, Belgium, Austria and other countries have expressed the interest in doing business with it. In 1969 the Bank had such dealings and handled transactions in freely convertible currency on deposits, credits and current accounts with almost 150 banks in other countries. IBEC's connections with other banks are governed by the principles of equality and mutual benefit.

The volume of IBEC transactions in freely convertible currency increases with every passing year. IBEC authorised capital, which since 1966 amounts to 30 million transferable roubles and consists of gold and freely convertible currency, has reached the point where the Bank now possesses its own means for considerable expanding transactions in freely convertible currency.

In 1971 the total volume of these transactions amounted to a sum equivalent to 23,600 million transferable roubles.

IBEC's deposits keep mounting. For example, the balance of deposits in transferable roubles alone grew by 30 per cent in 1969 and by January 1, 1970, reached 195 million roubles, while the balance of all deposits by that date amounted to 367.3 million transferable roubles.

As socialist economic integration develops and economic ties between the socialist countries belonging to IBEC expand and consolidate, the Bank extends and improves its activities. Of great importance are the decisions of the 23rd Session of CMEA and provisions of the Comprehensive Pro-

gramme on perfecting the entire system of the currency and financial and the credit and banking relations between the CMEA countries and also the pertinent recommendations adopted by the 24th Session on improving and further expanding IBEC activity. These recommendations are intended to perfect the planning of credits and resources of IBEC and make the credit system more effective in developing mutual trade between the CMEA countries.

The adoption of amendments to the IBEC basic documents resulting from integration measures taken by the CMEA countries, as well as the formation of the International Investment Bank in July, 1970, create favourable conditions and unlimited opportunities for broadening and intensifying IBEC activities in the sphere of bank transactions with regard to commodity-money relations between the CMEA countries, and their relations with other states.

At present IBEC has the important task of helping to determine the conditions and order of the measures outlined in the Comprehensive Programme of introducing the convertibility of the transferable rouble into national currencies of the CMEA countries and mutual convertibility of their national currencies. The solution of this question hinges on the simultaneous solution of a number of complex matters regarding the further development of socialist economic integration and creation of definite economic and organisational requisites in the sphere of material production. This means improving national economic structures, ensuring the output of high-quality goods, broadening specialisation and cooperation in production, developing the world socialist market, bringing the principles of price-formation in the different countries more in line, better adjusting of foreign-trade prices.

In this way IBEC can effectively contribute to economic integration of the CMEA countries.

International Investment Bank

Credit relations are a major element of economic cooperation.

Right from the first the People's Democracies in Europe began using credits and loans granted them by the Soviet Union for rehabilitating and developing their economies. It should be emphasised that Soviet credits differ radically from credits granted by capitalist countries which are using them to exert economic and political pressure on the recipient countries. Consistently observing the principles of proletarian internationalism and fraternal mutual assistance the USSR has lately granted other socialist countries long-term credits exceeding 13,000 million roubles, although it did not have means to spare and could have put them to good use for its own development. That assistance enabled the socialist countries to build thousands of industrial and other projects in a short space of time.

Up to now the granting of medium-term and long-term credits in the socialist community has been done on a bilateral basis. However, with expansion and consolidation of economic ties between the socialist countries and the development of economic integration, a bilateral system, like bilateral clearing, no longer suffices. The present level of the socialist countries' economic development, and their economic ties, which have acquired a multilateral character, have necessitated the development of a complex system of international credit on a multilateral basis.

In expanding complex economic integration, which requires a greater concentration of resources and coordination in their use for capital construction, medium-term and long-term credits are particularly significant. Accordingly, the 23rd (special) Session of CMEA deemed it necessary to set up a joint investment bank of the socialist countries. On July 10, 1970, representatives of the governments of Bulgaria, Hungary, the German Democratic Republic, Mongolia, Poland, the Soviet Union and Czechoslovakia signed an agreement on forming the International Investment Bank (IIB) with headquarters in Moscow.

On January 12, 1971, Romania joined the Bank. The International Investment Bank is the second joint bank of the socialist countries. The first one, IBEC, deals mainly with trade turnover between the CMEA countries by settling multilateral accounts in transferable roubles and granting short-term credits, whereas the International Investment Bank handles capital investments, that is, active participation in creating and consolidating the material and technical base of the socialist community. The Bank's principal task is to grant credits, primarily for implementing measures connected with the international socialist division of labour, specialisation and cooperation of production, and allocations for expanding the raw material and fuel base for the common good of CMEA countries. The Bank is to grant credits for the construction of projects of mutual interest to the CMEA countries and projects for national economic development, etc.

The International Investment Bank grants medium-term (up to five years) and long-term (up to 15 years) credits, primarily for the construction of projects that will have the greatest economic effect. The Bank has the right to make its own investigati-

ons or have designs, technical documents and estimates examined by pertinent national organisations or international groups of experts.

In order to coordinate Bank's activity with economic integration measures being worked out within the framework of CMEA, it is stipulated that the Bank, on agreement with CMEA, is to participate in examining questions pertaining to the coordination of the national economic development plans insofar as investments are concerned. In this way the Bank is to play an active role in deciding matters connected with the joint construction of new, and reconstruction of operating projects.

The Bank's resources are made up of the different countries contributions to its authorised capital and special funds, additional means drawn from member-countries or acquired in international money markets (by floating percentage bonds, in particular), and profits channelled to reserve capital and to special funds. The Bank's authorised capital was fixed, at the time of its formation, at 1,000 million transferable roubles.

It consists of 70 per cent of transferable roubles and 30 per cent of freely convertible currency or gold. The shares (quotas) contributed by countries to the Bank's capital are determined on the basis of the volume of export in their reciprocal trade. The authorised capital can be increased by mutual agreement. It is also increased on the admittance of new members, by the amount of their shares (quotas). For example, when Romania joined the Bank, the authorised capital was increased by 52.6 million roubles.

The Bank grants credits to other banks, economic organisations (enterprises) and international organisations (enterprises) of member-coun-

tries, as well as banks and economic organisations of other countries.

Along with granting credits, which is its main activity, the Bank handles various other transactions: it deposits temporarily excess funds in other banks, sells and buys currency, gold and securities, and issues guarantees. For this the Bank has been given the right to do business with international finance and credit and other organisations and with other banks. Like all banks, the International Investment Bank charges interest on credits granted and gets a commission for guaranteeing transactions and acting on behalf of its clients and those who have dealings with the Bank.

The Bank's activity does not hamper member-countries from having direct financial and other ties among themselves or with other states and international finance and bank organisations. Likewise Bank credit transactions do not infringe on the principles and order of granting credits on the basis of bilateral inter-governmental agreements on economic cooperation and mutual assistance.

A specific feature of the International Investment Bank, like the International Bank of Economic Cooperation, is its democratic setup. The highest body of the Bank is its Council, with each country having one vote, regardless of the size of its contribution to the Bank's capital.

The Council holds its sessions whenever necessary but no less than twice a year. Its sessions are chaired by representatives of all the member-countries in turn. All basic questions concerning Bank Council's activity must be passed by unanimous vote. These include endorsement of the yearly report and balance, distribution of profit, adoption of recommendations on increasing the authorised capital and determination of the order and deadlines

for making contributions to that capital. Decisions on issuing bonds, establishing and closing up Bank affiliations and branches, appointing the Chairman and Board members, as well as members of the Auditing Commission, accepting new members, introducing amendments to the Charter or how to proceed to close down the Bank and the date for doing so must also be passed by unanimous vote.

Decisions on other questions require a minimum of 75 per cent of the votes. The Council is empowered to submit certain questions which, according to the Bank's Charter, lie within its competence, to the Board for a decision.

The International Investment Bank's executive body is its Board, consisting of the Chairman and three vice-chairmen appointed by the Bank's Council for a five-year term. The Board is accountable to the Council. The Chairman directs the Bank's transactions on a one-man management basis. However, on a majority of questions the Chairman can adopt decisions only after they have been discussed by the Board. Should any member of the Board disagree with the Chairman he can have his point of view recorded in the Protocol of the meeting and, if he considers it necessary, reported to the Bank's Council. The Board has a staff of specialists on financial matters and granting credits for capital investments.

The International Investment Bank is an open international credit organisation which can be joined by other countries, provided they agree with its aims and principles and are willing to assume the obligations stipulated in the Bank's Charter. On the other hand, any country can withdraw from the Bank, provided it gives the Council at least six month's notice.

Although the International Investment Bank

only began to function quite recently, on January 1, 1971, it already has much to show for its efforts. At the third meeting of the Council (June, 1971) decisions were taken on granting credits to Hungary for reconstructing and enlarging the *Ikarusz* plant and electrifying a number of sections of Hungarian railway lines and switching certain lines over to diesel traction. Poland was offered credits for financing three industrial projects (including more than 10,000 thousand transferable roubles in freely convertible currency). Five CMEA countries (Bulgaria, Hungary, the German Democratic Republic, the USSR and Czechoslovakia) are interested in the goods to be made at one of these projects.

It can be justly said that from its very inception the International Investment Bank has had a marked effect on the concentration of CMEA countries' resources for using them to the best advantage to solve economic, scientific and technological problems now facing these countries. This includes: providing credits for the joint construction of raw material and fuel industry projects, thereby helping to step up mutual deliveries of raw materials and fuel; granting credits to socialist countries to facilitate scientific and technological development in major branches of the national economy; helping to promote the specialisation and cooperation of production between countries; supplying the international socialist market with ample machines, equipment and materials.

The Bank affords additional opportunities and provides the necessary conditions for making much further headway in currency relations between the socialist countries, for promoting the role of international socialist credit and expanding the sphere of the collective currency (transferable rouble), which from now will more and more perform the

functions of international currency. All this makes the International Investment Bank an effective instrument of socialist economic integration.

Central Control Board of the Unified Power Grid

The Central Control Board of the Unified Power Grid of Bulgaria, Hungary, the German Democratic Republic, Poland, Romania, the Soviet Union and Czechoslovakia [the *Mir* (Peace) power system] was established in 1962, in accordance with the recommendations of the 15th Session of CMEA and a meeting of representatives of the CMEA countries, by means of a multilateral, inter-governmental agreement. In keeping with this agreement the Board organises the parallel work of the power grids of the participating countries and coordinates the planning and operational work of individual state control boards and the schedule of power transmission between them. The Board has its headquarters in Prague, since Czechoslovakia's power system is at the junction, as it were, of the European socialist countries and is directly connected with most of the power systems of other participating countries.

The unified power grid permits the most rational use of the power resources of the socialist countries, enabling them to immediately channel surplus electricity to where it is most needed at the given moment. It ensures a stable power supply and considerably cuts down the requirements for reserve power to take care of power failures or shortages in separate countries. For example, in December, 1969, Czechoslovakia was short 1,000,000 kw of power.

Thanks to emergency aid organised through the Board, the power grids of the USSR, the German Democratic Republic and Poland helped Czechoslovakia to cope with power failures caused by unfavourable weather conditions.

The unification of power systems has enabled small countries to build large hydroelectric stations which are more profitable. Because of differences in geographical location the peak load in the CMEA countries occurs at different times of the day. Unification of the power grids permits the participating countries to use their power resources to the best advantage, saving many thousands of kilowatt hrs. of electricity.

The parallel work of unified power systems have enabled the participating countries to considerably cut down on the required facilities capacity and thereby curtail investments in the power industry.

The *Mir* Power Grid stretches for 1,500 kilometres from east to west and 1,700 kilometres from north to south. Its capacity in 1970 amounted to 51 million kw, as compared with 25 million kw in 1962, and the total maximum load in the autumn-winter period of 1969-70 reached 38.5 million kw.

The member-countries derive tremendous economic advantages from the functioning of the Central Control Board. According to estimates made by the Board management in 1965, the parallel work of the power grids meant a saving of about 40 million roubles. The profit made by individual countries was from 800,000 to 16 million roubles.

The Board is headed by its Council consisting of one representative from each participant country. The Council discusses all aspects of the Board's work and makes pertinent decisions with the unanimous agreement of the representatives of the

countries concerned. The Board's activity is based on the incentive principle. The Council determines the expenses incurred and each participant contributes an equal share. The routine functioning of the Board is handled by its administrative body—the management headed by the Director who is appointed by the Council. The principle of one-man management is observed. Thus, the activity of the Central Control Board makes it possible, on the one hand, to take into account the interests of all participating countries, and on the other, to ensure its effective operation.

International Scientific and Technical Information Centre

Ours is an age of science and technology. World development is keynoted by scientific and technological progress.

The socialist countries, from their very inception, have paid much attention to scientific and technological advancement and the results have been spectacular. About one-third of the world's scientific workers are employed in the CMEA countries and there is a ramified network of research and design institutions with a sound experimental base. All this makes it possible for these countries to apply scientific and technological developments in a big way. Conducting research and utilising its results on a planned basis enables the socialist countries to successfully cooperate and pool their scientific and technical potential. Much has been done in this field within the framework of CMEA. In recent years work was done on about 180 problems and 850 scientific and technological papers

were prepared at over 700 research and design institutions, with thousands of researchers and other specialists in these countries coordinating their efforts.

Constant improvement of scientific and technical information is essential for the successful development of science and technology. Accordingly, in 1969, the CMEA countries established an organisation for cooperation in this sphere—the International Scientific and Technical Information Centre with headquarters in Moscow. This organisation makes proposals on methods and means of supplying scientific and technical information for the participating countries, supplies information to national organisations, publishes information materials, does research in this field and provides organisational, methodological and other assistance in developing an information service, etc.

The Centre is run by a Committee of the participating countries' representatives, which meets at least once a year. These sessions are chaired by the countries' permanent representatives in turn. The Committee approves the Centre's plan of work, its budget, appoints its Director and his deputies and considers the applications of those wishing to join.

Decisions adopted by the Committee with regard to the functioning of the Centre come into force the day the protocol on the corresponding proceedings of the Committee is signed.

In deciding on questions pertaining to the Centre's activity and recommendations connected with cooperation between national scientific and technical information bodies, any country that is not interested in the question under discussion can say so and, in that case, is not bound by the decisions and proposals made.

The Director runs the Centre and represents it in other organisations and institutions. He sees that the Centre operates according to plan, coordinates its activity with other institutions, supervises the work of the Centre's Academic Council and has charge of its fixed and circulating assets. The Director is empowered to issue orders and endorse standards, defining the Centre's activity. His deputies are responsible for definite fields of work and, if need be, act in his stead with all the powers and responsibilities he bears. They are responsible for the functioning of the Centre in accordance with their duties and on a par with the Director.

Under the Director there is the Academic Council, a consultative body. It goes over plans for research work and considers the publication of scientific papers, discusses major scientific problems, decides on the most important scientific works conducted by the Centre and makes proposals on coordinating the activity of the Centre with other institutions.

The Centre is financed from its budget made up of annual contributions from the participating countries (they are determined in a separate protocol), and from revenue received by the Centre for services rendered. The budget may allocate the necessary sums in transferable roubles and freely convertible currency for making purchases and for other expenditures. It should be noted that the results obtained from research and development work, etc., done by the Centre in accordance with an approved and jointly financed programme are freely shared with participating countries. Other services provided by the Centre are paid for at rates set by the Committee of representatives with the view to making the Centre a profitable undertaking. The Committee also sees to the protection and use of inventions made at the Centre in the course

of joint research work, to giving bonuses and awards to authors, as well as to other matters in connection with joint inventions.

On the agreement of participating countries the Centre can open branches on their territories.

The Centre and its officials are granted the necessary privileges and immunities on the territories of the participating countries, to carry out their functions. It is an international organisation that is open to other countries. At the same time any member-country can refuse to participate in the work of the Centre by informing the depository (the USSR Government) about its decision.

The Centre has the right to enter into contacts with other international organisations. It maintains close business relations with corresponding CMEA and UNESCO bodies. The latter are kept informed as to the Centre's tasks and methods of work.

Cooperation between Air Transport Organisations

In accordance with recommendations of the CMEA Permanent Commission on Transport, systematic operational, commercial and financial co-operation has been established between air transport organisations of the CMEA countries. In 1965 the air transport organisations of Bulgaria, Hungary, the German Democratic Republic, Mongolia, Poland, Romania, the USSR and Czechoslovakia signed an agreement for the development of reciprocal arrangements between them in order to provide better air service and take better care of passenger, air freight and air mail requirements. The agreement provides for joint undertakings and the exchange of know-how between all the signato-

ries and, on special arrangement, with individual countries as well. Cooperation between air transport organisations of the CMEA countries takes into account world experience in this field. For example, service and maintenance are geared to world standards and observance of the rules ensuring the flight security and a strict flight schedule. The agreement calls for a unified system of accounts between the sides for service and maintenance of air transport on their territory. At the same time the agreement in no way infringes on the right of the sides to develop business contacts both between themselves and with air transport organisations of other countries.

Organisation for Cooperation between Socialist Countries in Postal and Electrically-Transmitted Communications

An Organisation for Cooperation between the Socialist Countries in Postal and Electrically-Transmitted Communications was agreed upon in December, 1957, at a Moscow conference of Ministers of Communications of the socialist countries. The agreement on setting up the Organisation came into force in 1958, after its approval by the governments of the 13 participating countries.

The Organisation deals with a whole range of matters concerning all-round cooperation between the socialist countries in the most varied fields of communications: radio and TV, postal and electrically-transmitted communications. The Organisation sees to the designing and erecting of communications lines, the exchange of radio and TV programmes, the distribution and use of radio frequen-

ces, operation of ionosphere services, determination of tariffs for communications services, coordination of research in electrically-transmitted and postal communications, etc.

The work of the Organisation is directed by the Conference of Communications Ministers of the participating countries which is convened in the capitals of these countries usually once a year. Conference sessions can be called by the Organisation to discuss regional problems. Decisions on general problems of cooperation must be passed by a unanimous vote, and recommendations on technical and operational questions, by the majority. Decisions and recommendations are implemented by communications ministries and departments within the limits of their powers under state laws. In cases where they do not have the right to endorse such decisions and recommendations it is up to the governments of the countries concerned to do so.

The Organisation does not have a permanent executive and administrative body. Routine work between sessions is done by the Communications Ministry or Department of the country where the next session of the Ministers' Conference is to be held. Working commissions are set up on the instructions of the Ministers' Conference, to deal with special technical questions. To help prepare for sessions of the Conference a coordination commission is formed consisting of representatives of communications departments wishing to participate in the next session. The commission is chaired by the head of a communications department of the country where the next session is to be held.

The Organisation's financing is taken care of as follows: Organisational expenses involved in holding sessions of the Ministers' Conference are borne by communications departments of countries where

these sessions are convened. The expenses incurred in sending delegates and representatives to attend the Organisation's working bodies are borne by communications departments sending them. Other expenses involved are divided among the interested member-countries, according to an agreement. Thus, the Organisation, unlike other international organisations, has no budget and the member-countries do not have to pay dues.

The Organisation helps the socialist countries to arrive at more effective solutions of individual problems and practical questions pertaining to electrically-transmitted and postal communications. The Organisation's proposal was adopted with regard to the cable trunk line that was opened in 1964, connecting Moscow, Warsaw, Berlin and Prague. The 3,000 km line is one of the longest and most up-to-date in the world. It can handle 1,920 telephone calls at a time and has a channel for broadcasting TV programmes, including programmes in colour. In 1965, the Organisation helped put into operation an automatic telephone system, connecting Bulgaria, Hungary, the German Democratic Republic, Poland, Romania, the USSR and Czechoslovakia, that can also handle telephone communications with West European countries (for instance, Britain and France). Cooperation between the socialist countries within the framework of the Organisation is complemented by bilateral contacts pertaining to electrically-transmitted and postal communications. In 1965, Soviet experts designed five new telephone and telegraph lines for Mongolia.

Poland and Czechoslovakia use radio relay lay-out for expanding their exchange of TV programmes.

Communications Ministers of Bulgaria, Hungary, the German Democratic Republic, the Democratic

Republic of Vietnam, the Korean People's Democratic Republic, Cuba, Mongolia, Poland, Romania, the Soviet Union and Czechoslovakia attended the session of the Ministers' Conference, which was held in Sofia in October, 1971. They adopted decisions and recommendations on further improvement of telephone and telegraph communications, radio and TV, postal communications and distribution of the press, and on broader scientific and technical cooperation and greater effectiveness of the means of communications.

Cubalco

In 1963 the shipping lines of four socialist countries (the German Democratic Republic, Cuba, Poland and Czechoslovakia) concluded an agreement on regular shipping between Cuba and the Baltic ports of socialist countries. A special international transport organisation, called *Cubalco*, was set up. It provides service between a number of socialist countries' ports on the Baltic Sea and Cuban ports and determines the tariffs charged and the settling of accounts procedure.

Cubalco was set up to take care of the sharp increase in the volume of shipping between Cuba and other socialist countries following radical changes in Cuba's foreign trade ties. The socialist countries' share in Cuba's foreign trade jumped from 2.2 per cent of the exports and 0.3 per cent of the imports in 1959 to over 75 per cent of Cuba's foreign trade in 1962-63. The *Cubalco* line makes regular trips to and fro four-five times a month. Some 12-15 ships of up to 140,000 tons deadweight are employed on the line. *Cubalco* helped Cuba over-

come its dependence on private shipowners and the capitalist freight market. This was most important since as a result of the trade and economic blockade imposed by the United States on Cuba the rates charged by capitalist shipping lines for transporting Cuban exports and imports were considerably higher than usual.

Cubalco activities help promote economic ties between the member-countries and other states since the ships stop off at French, Dutch, Belgian, West German, Swedish, Norwegian and other ports. That is why the *Cubalco* agreement leaves it open for other countries' shipping companies to join.

Cubalco is run by the Council of Directors of the participating countries' shipping lines. Its permanent executive body is its Secretariat, which also acts as an information and coordinating centre. *Cubalco* is an important link in the mechanism of all-round cooperation between the socialist countries with regard to transport.

Cooperation in Space Exploration

The launching of the artificial sputnik *Intercosmos 1* to a near-earth orbit in October, 1969, marked the beginning of carrying out the joint programme of the CMEA countries on the exploration of space and its use for peaceful purposes. Following *Intercosmos 1* other space objects were launched equipped with devices produced by the cooperating socialist countries.

At first cooperation between scientists and specialists of the CMEA countries in exploring and using outer space amounted mainly to an exchange of scientific information obtained as a result of

visual and photographic observations. In 1965 this cooperation entered a new stage. The USSR proposed that sputniks and meteorological and geophysical probes be used for joint experiments. The national research coordination committees set up by the participating countries, have begun to evolve concrete proposals for joint experiments in space exploration. Plans for research in space physics, space communications, space meteorology, space biology and medicine have been worked out.

Cooperation between scientists and specialists of the CMEA countries in space exploration for peaceful purposes is progressing. On November 15, 1971, an agreement was concluded in the USSR Academy of Sciences on organising *Intersputnik*, an international system of space communications. The agreement was signed by representatives of Bulgaria, Hungary, the German Democratic Republic, Cuba, Mongolia, Poland, Romania, the Soviet Union and Czechoslovakia. These countries are to jointly design, create and exploit communications systems with the use of artificial earth satellites.

Intersputnik is an open organisation which can be joined by other countries interested in this field of research.

Bilateral International Economic Organisations

With the emergence of socialist states they began to develop sound bilateral economic ties in various fields, including production. A big role in this was played by the first bilateral joint organisations of the joint-stock company type, made up partly of Soviet assets. Such companies, for example, were

set up in Bulgaria, Hungary, and Romania. Thanks to these companies, and with the help of Soviet scientists and specialists and Soviet deliveries of machines, equipment and materials, major production facilities were commissioned in these countries which, when they were finding the going hardest, were relieved of the considerable burden of expenditures on research and experimental work and the need to prospect for raw materials and procure semi-finished goods that were supplied by the Soviet Union. Nor did they have the problem of finding a market for their goods: the Soviet Union imported it. These joint companies have ceased to operate and their enterprises have been turned over completely to the state after adequate production capacities had been commissioned and national specialists trained in these countries. It is noteworthy that the joint companies operated strictly within the laws of the countries where they were located and that these countries possessed at least 50 per cent of all shares.

The essence of the interstate relations in the socialist countries based on the principles of mutual assistance and fraternal support, with strict observance of state sovereignty and respect for national interests, were fully apparent even from the very first.

At present, inter-governmental bilateral commissions on economic and scientific and technical cooperation embracing almost all socialist countries are a specific organisational and legal form of bilateral economic ties between them. The work of these commissions is tied in with multilateral cooperation between the socialist countries. For instance, the agreements on setting up these commissions between the USSR and other CMEA countries invariably emphasise that these commissions take

into account recommendations and decisions of CMEA bodies. It is up to these inter-governmental bilateral commissions to examine questions connected with coordinating national economic plans, developing specialisation and cooperation of production, increasing trade turnover and exchange of services and implementing scientific and technical cooperation between the two sides. Their decisions are considered adopted when the two sides agree to them, and come into force the day the protocol of the commission meeting is signed, provided it does not contain any special reservations. For instance, either side can stipulate that a decision must be approved by pertinent national bodies. In that case the decision comes into force only after such approval is obtained. Either side can refuse to participate in the commission at its own discretion, provided it gives the other side at least six months' notice.

As can be seen, equality, respect for sovereignty and voluntariness are the predominating principles both in bilateral as well as multilateral cooperation.

Whole bilateral cooperation has proved to be a highly effective form of economic ties between the socialist countries. It produces the best results when combined with multilateral cooperation, enabling one to complement and enrich the other. The experience acquired in bilateral cooperation serves as a good basis for implementing various mutually advantageous measures on a multilateral basis.

Bilateral international organisations dealing with production play an important role in the system of bilateral economic cooperation between the socialist countries. Such organisations include *HalDEX*, a Hungarian-Polish enterprise of the joint-stock

company type, and *Intransmash* and *Agromash*, Bulgaro-Hungarian societies.¹

HalDEX was organised in 1959 in Katowice, Poland, for processing coalmine dumps on the basis of a technology developed by Hungarian specialists. These dumps contain a large percentage of coal (from 10 to 20%) and other valuable raw materials. Hungarian specialists have found an effective method of extracting coal from the dumps. After negotiations between the two countries an agreement was signed on organising a joint-stock company type of enterprise. Each side put up 50 per cent of the capital and shares alike in the property and profits. The enterprise is governed by the general meeting of shareholders, its Control Committee and the Management. Representatives of both sides take part in all these bodies on an equal footing. The Control Committee and the Management are made up of an equal number of Hungarian and Polish representatives. Since it is located in Poland *HalDEX* is governed by Polish laws and has the same rights as Polish national mining enterprises. Decisions in *HalDEX* bodies are adopted unanimously by representatives of the two sides. Should they not be able to come to agreement, questions are submitted to a bilateral Hungarian-Polish inter-governmental commission on economic and scientific and technical cooperation.

Societies of the *HalDEX* and *Intransmash* type provide an interesting example of cooperation in production between the countries concerned by the organisation of joint undertakings on a self-supporting basis.

Intransmash, a self-supporting enterprise carrying on independent foreign trade, is a limited-liabi-

¹ In 1968 *Agromash* was joined by the Soviet Union.

lity company. The Bulgarian and Hungarian governments are not liable for its debts or any obligations it incurs.

Even in the first years the *Intransmash* has been functioning it has shown that this form of cooperation is highly effective and profitable. The society has fulfilled a number of big orders for designing and putting into effect designs for the mechanisation of plant and factory transport. The work done was on a higher technical level than similar orders previously filled by non-specialised national organisations. *Intransmash* profits keep mounting, especially since it not only gets orders from Bulgarian and Hungarian organisations but from other countries, too.

Along with *Intransmash*, another joint Bulgaro-Hungarian society, *Agromash*, was set up in 1964 to coordinate the technological development, production and sale of machinery used in vegetable, fruit and grape growing. The society's headquarters are in Budapest, with a branch in Sofia. Unlike *Intransmash*, it is a purely international scientific and technological organisation and does not engage in direct business activity. Its tasks are to develop specialisation and cooperation between the participating countries in producing agricultural machinery and coordinate research plans of pertinent national organisations. *Agromash* does not design and produce machines as *Intransmash* does. It is financed directly by equal contributions from the participating countries. In organisational structure, principles and method of Board administration, *Agromash* has much in common with *Intransmash*.

In 1968 the Soviet Union joined *Agromash*, making it a tripartite Bulgaro-Hungarian-Soviet company.

Both *Agromash* and *Intransmash* are a new progressive type of international economic organisation of the socialist countries and an effective form of implementing direct production ties between countries in concrete spheres of the national economy.

CMEA and Other International Organisations of Socialist Countries

Specialised international organisations of the socialist countries carry their work independently, on the basis of their charters. At the same time they (CMEA international organisations, in particular) keep in close touch with corresponding national bodies of the CMEA countries. In some cases certain questions are worked out by specialised organisations in close cooperation with CMEA bodies such as the Central Control Power Board and the CMEA Permanent Commission on Electric Power, the International Bank of Economic Cooperation and the CMEA Permanent Commission on Currency and Financial Problems, and the CMEA Permanent Commission on Transport.

Naturally there must be a sound legal basis for these contacts to develop normally, as stipulated in the CMEA Charter.

In 1970, the 24th Session of CMEA, in view of the great importance of developing coordination between the Council and other international organisations of the CMEA countries, emphasised the expediency of establishing this cooperation by way of concluding corresponding agreements (protocols). To do so bilateral protocols were drawn up and signed in 1970 and 1971 on the character and forms

of CMEA cooperation with *Intermetal*, the International Bank of Economic Cooperation, the Central Control Board, and others. These protocols created a firm legal basis for unhampered cooperation and coordination between CMEA and other joint organisations in matters of mutual interest.

The legal consolidation of such cooperation helps make the economic and scientific and technical ties between the CMEA countries more effective. Cooperation between corresponding international organisations does much to solve a number of problems. For example, cooperation between the CMEA Permanent Commission on Currency and Financial Problems and corresponding bodies of the International Bank of Economic Cooperation made it possible to effectively work out many standard Bank documents, connected with credit and account transactions, and the formation of the Bank's authorised capital in gold and freely convertible currency.

Legal expression of CMEA relations with other international organisations of the CMEA countries is an example of the implementation of the decisions of the 23rd (special) Session and premises of the Comprehensive Programme for improving the legal foundations of economic and scientific and technological cooperation between these countries and developing their economic integration.

* * *

The socialist countries have acquired a wealth of experience in organising and implementing mutual economic and scientific and technological cooperation in various forms, their international organisations playing an important role in this.

These organisations have proved worthwhile; in some cases this form of cooperation was vitally necessary for the further economic advancement of

the socialist countries. It goes without saying that this form of cooperation does not exclude other forms which have proved meaningful. New forms complement, and, if need be, replace old ones, and thereby add to and consolidate the means which serve to promote socialist economic integration and increase the might of the socialist community.

Economic Cooperation between Socialist Countries and Developing Countries

Economic integration under socialism provides excellent prospects for economic and commercial cooperation between the socialist countries and all states interested in developing economic, scientific and technological and other contacts with the countries participating in socialist integration. This is stipulated in the CMEA Charter and constituent acts of specialised organisations of the socialist countries and expressed in a clearcut form in the decisions of the 23rd (special) Session of CMEA and the Comprehensive Programme. The latter says, for example, that any country outside CMEA can take part in carrying out all or individual undertakings envisaged by the Programme. The conditions for such participation by non-CMEA countries are determined by the arrangement between them and the participant countries. In this way the socialist countries abide strictly by the principles of voluntariness and sovereignty with regard to other countries. There is no infringement on state sovereignty or national interests in the socialist countries' economic and scientific and technological relations with the third countries. The main purpose is to over-

come the economic barriers between various states with a view to providing greater opportunity to develop their economies. This helps to foster the spirit of internationalism among the people and overcome national prejudices and national egotism.

The significance of socialist integration is not confined to the socialist community. It affords an example for the young developing states to follow, particularly the socialist-oriented states. The successes scored by the socialist world vividly demonstrate the ample opportunities for mankind to progress under socialism.

The socialist countries' steady expansion and consolidation of all-round cooperation with the countries freed from colonial oppression is a marked revolutionary trend of our day. This process facilitates both the political and economic consolidation of young states in Africa and Asia, and the developing countries in Latin America. It enables them to maintain their independence in international affairs, which fully accords with the national interests of the liberated countries, the countries of socialism, and the interests of world peace.

The difference in the economic levels between the CMEA countries and the developing countries can in no way impede their mutual cooperation in the most diverse fields. Moreover, the Soviet Union and other CMEA countries use their economic and technological achievements to help developing countries develop their national economies. This assistance has no political, economic or other strings attached and it is gaining in scope along with the growing potential of socialist economy in the CMEA countries and the emergence of favourable opportunities for economic advancement in the developing countries themselves. The Soviet Union plays an especially great role in this, effectively helping the

developing countries create and consolidate their own industrial base. It is noteworthy that about 70 per cent of Soviet economic and technical assistance to the developing countries is earmarked for their industry and power production. The Soviet Union is helping with the construction of more than 700 industrial projects. The production capacity of the projects built, or under construction, with Soviet assistance in developing countries is as follows: steel, 9.1 million tons; pig iron, 5.6 million tons; electric power stations, 5.4 million kw; oil refining, 11.5 million tons; heavy electric equipment, 3.2 million kw; heavy engineering equipment, 150 thousand tons.

All this denotes the all-round assistance given by the Soviet Union for creating and developing a national industrial base in the newly-emerged countries, especially in the state sector. This helps them consolidate their economic independence and withstand the economic and other pressure brought to bear on them by capitalist countries. Lenin emphasised that the peoples of the East could not free themselves from imperialist oppression without the assistance of the international working class, and that "...the international proletariat is the only ally of all the hundreds of millions of the working and exploited peoples of the East."¹

The economic and political support of the socialist countries helps the people in the developing countries find the most progressive way to solve the socio-economic tasks facing them.

Cooperation with the socialist countries, and first and foremost with the Soviet Union, is alluring for the developing countries, since it is equitable and

mutually advantageous. Founded on the present-day international division of labour, it takes into account the partners' natural and economic specific features.

The developing countries' economic ties with the socialist countries differ radically from their ties with the advanced capitalist states. The latter are out to preserve the old colonial pattern of economy in the developing countries to continue to exploit them as heretofore and keep them dependent on the capitalist monopolies. This can be seen from the fact that by 1970 the developing countries' debt to the imperialist powers, from direct aid and loans and credits, reached 60,000 million dollars. As a rule, the annual profits drained from the developing countries almost double the annual capital investments in their economy.

Foreign capital still retains a firm foothold even in those developing countries which are **making** steady economic and social progress. For example, by March 1970, foreign private capital in India amounted to 2,000 million dollars.

The socialist countries deliver plant, machines and materials to the developing countries, and also grant them financial and technical assistance on favourable terms. Credits are granted for a long term at a low interest, and, what is most important, the developing countries can repay them with their traditional, and lately even non-traditional, export commodities, thus saving hard currency and gold. The developing countries are thus able to tackle several major problems simultaneously. This provides favourable conditions for expanding production, enabling these countries to raise the level of employment and increase national revenue. Moreover it gives the developing countries access to a stable market for selling their goods (natural rubber, cof-

¹ Lenin. *Coll. Works*, Vol. 30, p. 162.

fee, cocoa, cotton, citrus fruit, oil, gas, non-ferrous metals, etc.) at prices that remain much steadier.

At the same time, the CMEA countries gradually increase their purchases of finished goods from the developing countries. For example, Czechoslovakia imports textile fabrics, plastic wares, household refrigerators, batteries, etc., from Egypt. Almost half of the German Democratic Republic's imports from Egypt consists of finished and semi-finished goods. Since 1967 the German Democratic Republic has been buying lathes, textile and printing equipment and tyres from India. India ships refrigerators and compressors to Hungary, pipes, lathes, refrigerators and tyres to Czechoslovakia, lorries, railway cars, pipes to Poland. The USSR also imports more finished consumer and industrial goods. For example, it imports footwear and knitted goods from Syria.

The CMEA countries increased purchases of finished goods from the developing countries help to improve the quality and also the structure of the third world countries foreign trade, making it more effective and beneficial for their economy.

The opportunity for the developing countries, which constantly suffer from a shortage of freely convertible currency, to settle their accounts in national currencies and to balance their import-export trade, to obtain credits on favourable terms and to establish stable, long-term trade and economic relations—all this helps boost the developing countries' foreign trade turnover with the CMEA states.

The Third Session of the UN Conference on Trade and Development (UNCTAD) in 1972 noted the stable development of trade relations between the socialist and the developing countries. It was stated, among other things, that in the ten-year period, from 1960 to 1970, the socialist countries had step-

ped up their imports from the developing countries from 8.8 to 10.3 per cent of their total imports, whereas the advanced capitalist states had cut down their imports from these countries from 25 to 18.5 per cent.

Representatives from the USSR, Bulgaria, Poland, Hungary and Czechoslovakia cited at the Conference facts and figures indicating the beneficial character of the socialist countries' assistance to the developing countries and the equitable forms of trade and economic cooperation between them. The Soviet delegate noted, among other things, that during the years that UNCTAD had been functioning the USSR's trade turnover with the developing countries had risen twofold, customs duties on products imported from these countries had been abolished, and 490 industrial and other projects had been built in Asia, Africa and Latin America with Soviet assistance. The declaration by the socialist countries, that was read at the Conference, stated their readiness to expand economic and technical cooperation with all countries wishing to develop relations on the basis of equality and mutual advantage, and to create favourable conditions for doing so.

The socialist countries render economic and technical assistance to the developing countries that are willing and ready for such cooperation. The state of the economy and urgent requirements of countries that seek to achieve economic independence in the shortest time possible are taken into consideration. A distinguishing feature of this assistance is that it is primarily intended to create and develop the public sector of the economy in the developing countries. This allows them to effectively mobilise resources and means on a national scale and concentrate on the solution of the most pressing

problems. The public sector accelerates the economic development rates of the newly-liberated countries and consolidates their national economies in the struggle against foreign capitalist monopolies.

In this connection it is especially important to help the developing countries to industrialise, since this is the way to ensure their economic independence. Therefore, the Soviet Union assists India in building iron-and-steel plants, heavy power engineering and mining equipment plants and an aluminium combine. Iraq is being helped to establish a national oil company, since although it possesses tremendous oil resources, the country has virtually been deprived of the opportunity of using its wealth independently: a consortium of capitalist oil monopolies extracted and sold the oil until recently.

On June 1, 1972, Iraq passed a law on nationalisation of the Iraq Petroleum Company owned by British, American and French capital. This put a stop to monopoly plunder which had played such a sinister role in Iraq's history and had become a symbol of colonial oppression. This was a heavy blow to imperialist oil dealings in the Middle East.

The nationalisation of the Iraq Petroleum Company ushers in a new stage in the history of struggle by the oil-producing countries to be the masters of their own natural resources.

At present the Soviet Union is helping Iraq build a 1.5 million-ton capacity oil refinery in Mosul, enlarge the oil-fields in Northern Rumaila to bring the output up to 18 million tons a year, and erect two hydropower stations with total capacity of 700,000 kw and high-voltage lines to be joined to the national power grid. The USSR is helping to build a 40 km regulating canal from Lake Tharthar to the Euphrates River. The canal will transfer

several thousand million cubic metres of water from the Tigris to the Euphrates annually.

In Iran the Soviet Union is helping build the first metallurgical plant and a gas pipeline. Upon completion, in exchange for industrial equipment delivered to Iran, the USSR will be able to get up to 10,000 million cubic metres of gas annually. The Soviet Transcaucasia already obtains Iranian gas.

Egypt has created entire branches of industry with Soviet assistance: tool and instrument-making, chemical and pharmaceutical. The Aswan High Dam built with Soviet aid supplies sufficient water for Egyptian agriculture and makes total electrification of the country feasible.

The Aswan complex makes it possible to increase agricultural production about one-and-a-half times and electricity output threefold. The high dam has helped check the devastating floods of the Nile. The No. 2 project being built in Egypt with Soviet assistance is a metallurgical plant in Helwan. It is designed to produce up to 1.5 million tons of steel a year, five times the country's entire output of steel at present. Soviet assistance to the Arab Republic of Egypt in the prospecting and mining of oil, construction of an aluminium plant with a capacity of 100,000 tons annually and of an industrial combine for working phosphorite deposits is also of great importance.

In Afghanistan Soviet specialists helped construct a tunnel cutting through a mountain pass at a height of over 3,000 metres above sea level, and also high mountain roads connecting the south and the north of the country.

CMEA countries are helping Syria to build hydro-power installations for irrigating up to 600,000 hectares of arid land. Syria is the first Arab country

which began to extract oil on its own with Soviet assistance.

The Soviet Union has been helping Algeria to build more than 80 industrial enterprises, of which 19 are already in operation. This help is for developing Algeria's ferrous and non-ferrous metallurgy, power and oil industry, and engineering and food industry enterprises. Soviet assistance in geological prospecting is particularly beneficial since Algeria is rich in various minerals.

In 1971 it was a decade since the USSR signed the Agreement on Trade, Economic and Technical Cooperation with Mali. The Soviet Union assisted in building a 50,000 ton-capacity cement factory that could be stepped up to 100,000 tons a year. This enabled Mali to fully take care of its own cement requirements; it also helped build five educational establishments (four of them gratis), do intensive prospecting work, etc. In May, 1972, an agreement was signed between the USSR and Mali on trade between the two countries. In accordance with it, the Soviet Union supplies Mali with various machines and equipment, spare parts, rolled ferrous metal, tyres, medicines, medical equipment and flour. Mali exports to the Soviet Union peanuts, cotton and fruit juices.

In accordance with a Soviet-Nigerian agreement signed in November, 1970, organisations of the two countries has been cooperating in prospecting and research in Nigeria for iron ore, coal, fluxes, etc. A group of Soviet doctors and teachers are working in Nigeria.

In 1971 trade and economic relations between the USSR and Nigeria developed still further and a new long-term agreement between the two countries was signed in October, 1971.

A trade memorandum has been signed between Czechoslovakia and Tanzania, whereby the former is to invest 40 million Tanzanian shillings in the construction of cement and footwear factories and tanneries and to buy Tanzanian agricultural raw materials and semi-finished and finished goods.

The Soviet Union is making a sizable contribution to the development of Guinea's economy. Thirty of the 47 projects it is helping to build there have already been commissioned. The agreement concluded between Guinea and the USSR in 1969 is of great importance to Guinea since it provides for Soviet help in working Guinean bauxite deposits, thus enabling Guinea to overcome its dependence on Western powers in this regard.

The heat and power plant being built in Morocco with Soviet assistance is nearing completion. This plant is the Soviet Union's first experience in commercial construction abroad. The Soviet Union bid for the contract against firms in capitalist countries (Britain, France and West Germany) and Morocco found the Soviet bid to be the most advantageous. However, the capitalist monopolies did their best to cause trouble. The local firms in Morocco which undertook to erect buildings, do the earthwork, and construct roads and watermains, are in actual fact, owned by foreign capital. And they did much to disrupt construction: they deliberately slowed down the pace of construction, raised prices, transferred workers to other projects when work was in full swing, etc. Nevertheless the deadlines for the construction are being met: the first unit was commissioned in time, the second—one month ahead of schedule. The plant has a rated capacity of 150,000 kw. It will increase Morocco's power supply by one-third. Apart from that, construction of the plant was a training school for national per-

sonnel, and the inexpensive, comfortable workers' settlements that were built are gradually being turned over to Moroccans.

The CMEA countries help the developing countries to erect enterprises which promote industrial advancement. When the Bhilai steel plant was being built in India local enterprises manufactured only 10-12 per cent of the assembled steel sections and equipment needed by the plant. By the time a similar plant was built in Bokaro, they already produced more than 65 per cent of the basic equipment. The orders are filled by publically-owned enterprises built with Soviet and Czechoslovak assistance. Some units for the Bokaro plant were built or assembled entirely by Indian specialists.

The socialist countries have extensive and diverse economic ties with the developing countries. At present the CMEA states render economic and technical assistance to about 60 developing countries; this has enabled more than 1,200 projects to be built and put into operation, and another 800 industrial and other projects are now under way.

The socialist countries are helping the developing countries build 2,424 projects, including 45 in the ferrous and non-ferrous metallurgical industry, 584 electric power plants and coal mines, 136 oil refineries and petrochemical plants, 112 enterprises producing construction materials, 209 transport and communications enterprises. Industrial cooperation in processing branches, division of labour in fuel and raw materials production, the creation of border power and other economic complexes and joint industrial and trade associations, etc., have become a customary form of this cooperation.

Cooperation between Bulgaria and Egypt is making steady headway. Under a trade protocol signed by the two countries the volume of trade between

them was much greater in 1972 than the previous year. Bulgaria granted Egypt a long-term credit to the amount of 40 million dollars. Part of this credit is for financing the building of various agricultural, chemical, engineering and food industry projects with the help of Bulgarian specialists. Bulgaria is also to aid Egypt in establishing large poultry farms and processing plants, an up-to-date experimental farm in newly-reclaimed desert land, and to participate in the joint production of battery and motor-driven low-tonnage trucks.

Bulgaria was the first country to conclude an inter-governmental trade agreement with the young Republic of Bangladesh. Bulgaria will ship Bangladesh transformers and other electrical equipment, battery and motor-driven trucks, agricultural and construction machinery, metal-cutting lathes, medicines, chemicals and other goods. In return it will import Bangladesh jute and jute products, raw hides and leather goods, tea, paper, coir goods, etc.

In 1972 Romania signed an agreement with Algeria granting that country credit amounting to 100 million dollars. This credit will be used for importing Romanian plant and equipment for various projects in Algeria. Trade turnover between the two countries was to reach 50 million dollars that year. There is growing cooperation, primarily in the oil and mining industries, in agriculture and building hydroprojects. In 1972 Algeria was to deliver 1,100 thousand tons of iron ore which is incentive for building new ore mines there, and reopening old ones. Romania was to help and supply the necessary equipment.

A new electric bulb factory being built near the Indian capital is equipped with Hungarian-made machines and instruments. The Hungarian enter-

prise, *Egyesült Izzo*, has concluded a contract with India for deliveries of about one million dollars worth of equipment. Hungarian specialists will be responsible for the assembly and getting the factory ready to function.

Soviet-Indian cooperation is a fine example of effective assistance rendered by the socialist countries to strengthen the fuel and power base of the developing states. Billions of kwh of electricity have been produced by heat and hydropower stations built in various parts of India with Soviet assistance. The joint efforts of Soviet and Indian prospectors have led to the discovery of 23 oil and gas deposits making it possible for India to have its own oil industry. The Soviet Union helped India to equip oilfields which account for 55 per cent of the country's entire oil output and oil refineries turning out a wide range of oil and chemical products. In 1971 Indian oil industry enterprises built with Soviet assistance yielded profits amounting to more than 220 million rupees.

Speaking in parliament in 1972, Prime Minister Indira Gandhi emphasised that in immediate future the Indian government would have to ensure swift rates of industrial development, economic independence, industrialisation of backward regions and extensive opportunities for employment. She stressed the need for developing the public sector as an effective means of restricting the economic power of private persons.

The developing countries are benefitting from the experience of the CMEA countries in economic planning. For instance, Uganda which used to employ Western economists, drew up its second five-year plan with the help of Soviet experts. Egypt and Algeria also consider recommendations of Soviet planning experts in working out their countries'

economic plans. A five-year plan for Zanzibar, the island part of Tanzania, was drawn up in cooperation with experts from the German Democratic Republic. Economic planning being implemented by the developing countries with the socialist countries' aid contributes to the more effective and rational use of their material and labour resources.

Economic cooperation between the socialist and the developing countries is gradually changing its character. More progressive forms of economic ties are being employed, such as rendering complex economic and technological assistance for setting up entire industries. In some cases, socialist and developing countries organise joint enterprises, which are highly beneficial for newly-emerged states. Under such form of cooperation socialist countries supply the liberated states with the means of production which the states gradually pay for with the finished goods they produce so that it then becomes their sole property. Unlike the capitalist monopolies, the socialist countries do not seek to become lifelong shareholders of these enterprises. The socialist countries' participation in organising joint enterprises in the developing countries is based on entirely different principles than the approach of capitalist monopolies. The latter, despite the fact that the profits they obtained have long since exceeded their investments, continue to remain the lifelong owners of enterprises, appropriating the lion's share of the profit earned by the people in the developing countries.

Joint organisations of the socialist and liberated countries have been set up in African countries: in Morocco there is a Bulgaro-Moroccan company for assembly of battery-driven trucks and electric hoists. Hungary has concluded an agreement with Nigeria for joint production of medicines. Soviet

foreign trade associations participate in joint-stock companies in Morocco and Ethiopia. These companies buy Soviet machines and equipment and see to their repairs. They also handle these countries' exports to the USSR.

Latin American countries, too, are interested in trade and economic cooperation with socialist states. Relations between these countries are based on mutual advantage and are not used to foist one-sided obligations or political conditions on the Latin American partners. Some countries in that part of the world have had trade and economic relations with CMEA states for many years.

These ties could have been more extensive had there been a proper understanding of the principle of mutual interest. Costa Rica, which sent an official delegation to the USSR in September, 1971, headed by Gonzalo Facio Segreda, Minister of Foreign Affairs, is a case in point. Arguing against those opposed to trade and economic ties with the USSR, José Figueres, President of Costa Rica, stated that the Costa Ricans will not go Communist if they buy Soviet equipment, no more than they turn into Buddhists or Protestants by purchasing Japanese textiles or US cars. The USSR, the President emphasised, bought Costa Rica's coffee surplus amounting to one million dollars, saving the country from bankruptcy.

There is growing awareness of the importance and necessity of trade and economic ties with the socialist countries in Uruguay. A Soviet-Uruguayan trade agreement and an agreement on deliveries of Soviet machines and equipment were signed in February, 1969. At present Uruguay sells the USSR rice, wool and sole leather and imports machines, industrial equipment, agricultural implements, chemical

products and other goods. CMEA countries take more than 12 per cent of Uruguayan exports.

Colombia's volume of trade with socialist countries grew from 32.4 million dollars in 1967 to 60.3 million in 1970, almost twofold. Trade with the USSR alone increased from 2.3 million to 12.1 million dollars.

Mention should be made of the German Democratic Republic's trade ties with Latin American countries. Despite the fact that the majority of the Latin American countries have not as yet formally recognised the German Democratic Republic, the latter has stable trade ties with some of them. For example, in 1970 it was the biggest importer of Uruguayan meat. The German Democratic Republic sells lorries, tractors, machines, heavy engineering equipment, chemical products, laboratory equipment, medicines, etc., to Latin American countries.

The Soviet Union and other CMEA countries have time and again stated that they are ready to expand mutually beneficial trade with Latin American countries and also to develop economic ties and render technical and financial assistance. The socialist countries regard such cooperation as help to the peoples that are economically dependent on the imperialist monopolies, enabling them to develop their industry and advance along the road of independent national progress.

Cuba is an example of very active, extensive trade and economic ties with the CMEA countries. In 1970 Cuba traded with them to the tune of about 1,500 million dollars. These countries have helped Cuba, technologically and financially, to build and reconstruct about 200 large industrial projects in the last 10 years. CMEA countries were the principal importers of Cuban sugar, nickel, tobacco and other goods. During his visit to Chile in 1971 Cu-

ba's Prime Minister, Fidel Castro, spoke highly about this cooperation.

The CMEA countries are developing their business ties and economic cooperation with Chile and Peru.

In the very first months of being in power the Chilean government of Popular Unity undertook a number of concrete steps to establishing broad and stable trade and economic ties with the socialist community. An official Chilean mission has visited Bulgaria, Hungary, the German Democratic Republic, Romania, the USSR, Czechoslovakia, Poland and Yugoslavia and signed economic agreements. These states are to render Chile assistance in building more than 20 big industrial enterprises costing altogether over 110 million dollars. The Soviet Union is to help Chile build a base oil plant.

The official Hungarian delegation that visited Chile in September, 1971 signed an agreement on granting the country Hungarian credit and technical assistance for developing its pharmaceutical industry. A Chilean-Hungarian commission on economic cooperation was organised.

Early in 1971 an agreement was reached on granting Peru Soviet assistance in building a modern fishing port. Peru leaders highly assess cooperation with the USSR. In a message sent to President of the USSR Supreme Soviet Presidium Podgorny, President Juan Velasco Alvarado of Peru stated that cooperation between the two countries was of great significance for Peru and will help, in the best possible way, to realise the Peruvians' striving for well-being and social justice.

The government of Peru has also concluded a number of important agreements with other CMEA members. In accordance with the Polish-Peruvian agreement signed in March, 1970 Poland is to sup-

ply equipment and send specialists for constructing a plant producing metal-cutting lathes and wood-working tools, an instruments factory, a mining equipment plant and an agricultural machinery plant. Poland will also help Peru build a sulphuric acid plant, a dyestuff factory, shipyards and docks and other industrial projects.

Under a Peruvian-Czechoslovak agreement a metallurgical plant is to be commissioned, and the two countries will cooperate in building plants for assembling bases and tractors.

Peruvian-Hungarian economic ties are also developing. Agreements have been signed whereby Hungary is to grant credits to Peru amounting to 13 million dollars for buying medical equipment; a joint mining enterprise is to be built, and Hungary is to provide technical assistance in developing agriculture and electrification.

The CMEA countries granted Peru considerable aid after the natural calamity that befell the country in May, 1970.

While developing bilateral cooperation with CMEA states Latin American countries display interest in establishing multilateral cooperation with CMEA. That is why Latin American countries responded favourably to the Comprehensive Programme for Further Extension and Improvement of Cooperation and the Development of Socialist Economic Integration by the CMEA Member-Countries. That Programme had special impact on Latin America in view of the acute financial crisis that gripped capitalist world.

The Latin American press emphasised the premise of the Comprehensive Programme that said: "The CMEA member-countries, in accordance with their policy of peaceful coexistence in the interests of social progress and in view of the fact that the

international socialist division of labour takes into account the world division of labour, will continue to develop economic and scientific and technical relations with other countries, irrespective of their social and state structure, based on the principles of equality, mutual benefit and respect for sovereignty. They will attach a special importance to the further expansion of trade and economic and scientific and technical cooperation with the developing countries."

There are other progressive forms of cooperation between the socialist and developing countries, particularly those conducive to the development of production cooperation between these countries' industries in the manufacture of certain engineering items.

Inasmuch as qualified engineers, technicians and other specialists are needed for industrialising the liberated states, the socialist countries are helping these states to organise higher and secondary technical schools, research laboratories and vocational training centres. There is also on-the-spot training of local personnel. All construction projects in the developing countries which CMEA countries help to build act as a school for training local specialists and skilled workers. During the building of the Aswan High Dam more than 10,000 workers received on-the-job training.

Quite a few specialists from the liberated countries have been trained in the Soviet Union and other CMEA countries, in establishments like the Patrice Lumumba Friendship University, for example, specially set up for the purpose in Moscow. CMEA states also help organise higher educational establishments in the developing countries. In Bombay, India, a polytechnical institute with a student body of 1,200 and 250 post-graduates has been

opened with Soviet assistance. In Algeria the Soviet Union helped organise institutes and technical schools, including those training specialists for the oil and gas industry. The polytechnical institute opened in Guinea has an annual enrolment of 300 students.

Some 48,000 skilled workers have already been trained at the 33 centres of vocational and technical training organised in Egypt with Soviet assistance. At present the USSR is helping Egypt open a mining and metallurgical institute, to train 120-150 engineers a year for the mining and steel industries.

Hungary gave the developing countries technical assistance amounting to 9-10 million dollars annually in the late 60s. Between 350-400 thousand dollars were spent on vocational training; 3.5-4 million on university and college training; and 140-160 thousand on raising the professional level of scientific workers. Hungary's expenses involved in sending specialists to liberated countries came to 3.4-3.6 million dollars during the same period. Between 1960 and 1970 the number of students from Africa, Asia and Latin America studying in Hungarian higher educational establishments more than decupled. Most of them go in for technical sciences.

All in all, there are 12,000 students from the developing countries attending colleges and universities in the socialist countries.

The socialist countries' economic ties with the developing states are not a time-serving means of acquiring one-sided benefits or enjoying temporary advantages. The socialist countries regard their economic and technical assistance to the developing countries as their internationalist duty, for it helps in the struggle against imperialism and neocolonialism and supports the national-liberation movement of the peoples still suffering from colonialist

and racialist oppression. At the same time it constitutes a breakthrough in the international capitalist division of labour and intensifies the general crisis of the capitalist system.

Capitalism is no longer the only and decisive factor in world economy. It can no longer dictate its conditions in international economic relations. Therefore the imperialist powers are looking for new means and opportunities to keep the young national states under their economic domination and political influence. Using methods of collective neocolonialism, certain capitalist powers go in for combined international action and more flexible methods of exploiting the developing countries. They seek, by combined effort, to retain their predominant positions in these countries and, thereby, keep them within the sphere of capitalism to prevent them from taking the non-capitalist path of development and hamper their contacts with the socialist community.

The most typical example is the collective and individual actions of Common Market countries in Africa where West-European monopolies have retained a multitude of traditional ties.

Common Market countries keep many African states under their economic domination and political influence by means of the latter's association with EEC. When the Common Market was formed (1957), the French colonies in Africa, that had not been liberated by that time, were included in the organisation as associate members. Later this was officially stipulated in a special convention concluded between 18 African states and the Common Market (Yaoundé Convention). The very fact that these African countries do not enjoy the same privileges as the European members is in itself an act of discrimination. The status of an associated member

restricts the freedom of African countries with regard to their national economic development and cooperation with other nations. This is nothing but a legal confirmation of commercial and economic dependence of African countries on West-European states.

Apart from a multilateral agreement on association each member of the Common Market has bilateral agreements on various economic and other matters with a majority of associated countries. Under these agreements the monopoly organisations of the Common Market countries have a status of national organisations in African countries, and, thereby, can successfully compete with the still weak national enterprises. The measures concerning the import of agricultural produce by the Common Market countries more often than not restrict the exports of the associated countries. Industrial goods from African countries encounter discrimination in Community markets: whereas the Common Market countries can export their goods duty-free to the associated countries, a heavy duty is imposed upon the latter's goods (even partially processed products). African countries cannot use their right to impose duties on the goods of the Common Market countries the import of which adversely affects the economic development of the associated countries. In order to do so it is necessary to obtain permission from the Common Market executive bodies.

Non-equivalent exchange between African countries and the Common Market countries is made all the worse by the discrepancy between the prices of raw materials and industrial goods, the gap between them becoming ever wider.

The Common Market countries couple credits and loans to associated states with stipulations and res-

trictions. For example, these states must spend the sums received on buying the goods produced by definite firms and repay them at a high interest. Seventy per cent of the credits granted by the Federal German Republic in 1968-69 were connected with the deliveries of monopoly-controlled goods.

The credits granted by the capitalist states to the developing countries are of limited benefit. In the decade since African countries gained their independence only 10 per cent of French state credits were used for the extraction of minerals and industrial development in these countries. Since the developing countries cannot use credits from the Common Market countries at their own discretion, this aid does not promote national economic advancement. Moreover the young states are virtually deprived of the free choice of suppliers and imported goods and are forced to import goods at high prices from Common Market countries.

In their relations with the developing countries the Common Market members are out to create favourable conditions for stepping up the export of private capital to these countries. By 1969 the private capital investments of the Federal Republic of Germany in Africa amounted to 203 million dollars. France invested 628 million dollars in developing countries (mainly in Africa) in 1968. Italian monopolies invested the same year about 40 million dollars in African countries. Private capital of the Common Market countries displays marked interest in the sources of strategic raw materials in the developing countries. Up to 50 per cent of the private investments are in oil extraction and ore mining. At present Africa is one of the principal sources of various strategic materials: uranium, cobalt, zinc, lead, tin, tungsten, rubber, etc. Afri-

can uranium and oil are of especial interest to the Common Market countries. Cheap labour and high quality minerals are a real inducement for Western countries. Gabon is a typical example of how capitalist countries enrich themselves at the expense of the liberated countries: in 1969 foreign monopolies extracted from Gabon (which is considered the most economically advanced state in West Africa) profits amounting to 18,000 million African francs, when the country's budget came to about 20,000 million.

Capitalist states govern, to a considerable degree, the economies of many African countries. In the first six months of 1971 alone, the total trade deficit of Morocco reached almost 500,000 million dirhams (500 dirhams are equal to 100 dollars). French, American, West German and Italian capital dominate many branches of the country's economy. Although Morocco gained independence in 1956 its economic development has been quite modest. The country's five-year economic development plan ended in 1972. It is noteworthy that the plan was drawn up with due account taken of direct investments and credits of capitalist countries, which had to cover about 50 per cent of the financing of the plan. This is caused by the low rate of accumulation in the country due to the insignificant share (approximately 10 per cent) of gross income allocated to investments.

Unlike the neocolonialist policy and practices of the capitalist states, which make extensive use of the mechanism of interstate political and economic groupings of the Common Market type, the socialist countries contribute, to a large measure, to the consolidation of the developing countries' economies, by helping them to develop their own industrial base, which is a reliable means of gaining ge-

nuine economic independence and overcoming the pernicious influence of foreign monopolies.

The 26th Session of CMEA held in Moscow in July, 1972, noted that the CMEA countries would continue in the future, too, to contribute in every way possible to the development of world trade and to all-round production and scientific and technical cooperation between these countries and all other states on the basis of mutual benefit, and to the economic and cultural advancement of the developing countries.

That is why progressive mankind highly values the all-round moral and material assistance that the socialist countries are giving to the liberated nations on an ever-greater scale.

В. И. МОРОЗОВ

МЕЖДУНАРОДНЫЕ ЭКОНОМИЧЕСКИЕ ОРГАНИЗАЦИИ
СОЦИАЛИСТИЧЕСКИХ СТРАН

на английском языке

Цена 23 коп.

